

Alija Thapa

**INFLUENCE OF CULTURAL DIFFERENCE ON INTERNATIONAL
BUSINESS NEGOTIATIONS**

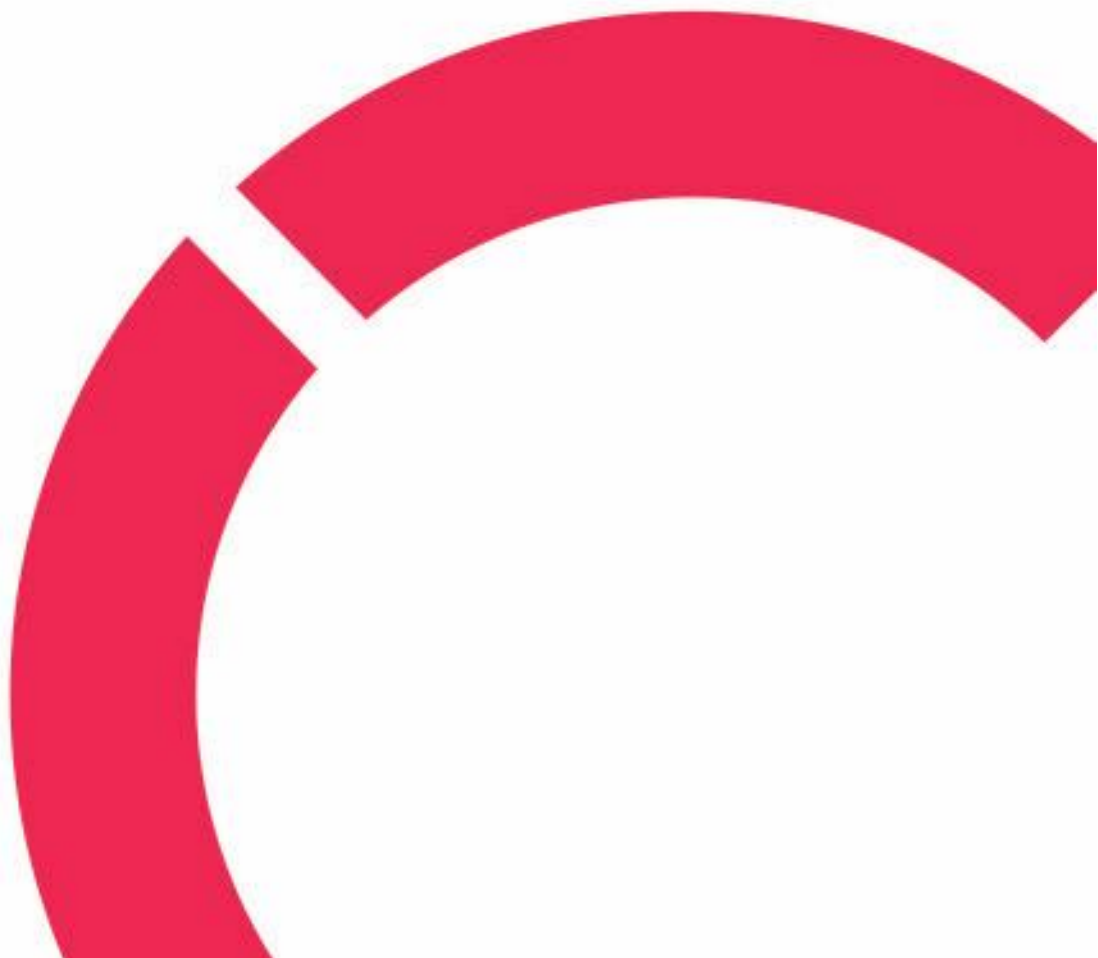
A comparative analysis of Finland and Pakistan

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ABSTRACT

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<p>This thesis was commissioned by Imran Qaisar with the title, “Influence of cultural difference on international business negotiations, a comparative analysis of Finland and Pakistan”. The main objective of this thesis work was to implement a comparative analysis between Finnish and Pakistani business customs, culture and negotiations. Through literature, data was collected to analyse the trends of cultural differences and their impact. This thesis is based on a quantitative research method. A survey was carried out using Webropol survey and reporting tool. A questionnaire was provided which was filled and submitted by 36 people who had knowledge of business cultures and negotiations of Finland and Pakistan.</p> <p>The results of the survey showed different factors affecting business negotiations. According to the survey, Finnish culture is more collaborative when it comes to decision making while Pakistani culture uses hierarchical approach. Similarly, Pakistani business culture is inclined to indirect and implicit while Finnish culture supports direct and explicit communication style. These also include structures of the business environment, high power distance, role of gender, uncertainty avoidance, goal setting approach, cultural sentiments and work-life balance. It is very important to have knowledge about the cultural similarities and respect the cultural differences as well as not to go against cultural practices when doing international business negotiations.</p>		

<p>Key words</p> <p>Business practices, cross-cultural communication, cultural differences, cultural dimensions, Finland, international business negotiations, negotiation strategies, Pakistan</p>
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1 INTRODUCTION

International business is affected by several elements and events around the globe. Culture is one of the very important factors of international business. Specially, countries having differences between cultures, should be taken into consideration while understanding business culture. The ability to communicate effectively and to establish successful partnerships are also important factors to note while understanding business culture of different countries. Decision making processes are affected by communication style and the way negotiations tactics are used. Communicating with the right people at the right time is the key to a successful international trade.

Similarly, differences in the culture should be recognized and appreciated, as it can facilitate the formulation of agreements that are mutually beneficial. This can be achieved by reducing confusions and conflicts. When it comes to learning the cultural influence on international business, it provides fruitful information for the organizations and people on trends of commerce globally. It also allows them to develop strategies which are culturally sensitive and let them understand the cultures in the diverse context.

This thesis aims to compare and analyse the influence of differences in culture on negotiations in the international business settings, in both Pakistan and Finland. These countries are very different from each other in terms of culture, geography, people, politics, weather and environment. This thesis examines the dynamic cultural values, communication styles, decision-making processes, perception, and power distance in Pakistan and Finland. The study also aims to understand how these cultural attributes impact negotiation strategies. Specifically, it explores the differences and similarities in negotiation approaches between the two countries.

The scope of this thesis includes the investigation of relevant literature and conducting a survey with the business professionals who understand negotiation norms and practices in one of the above-mentioned countries. The questionnaire was filled by those who have knowledge of Finnish or Pakistani business culture. This thesis will benefit international business communities of both countries and global community for cross-culture negotiations. Finland and Pakistan have rich and interesting information in the context of research to study the impact of cultural differences on international business negotiations because of their diverse cultural history. Conversely, Pakistani culture has several inspirations from different civilizations, religions and backgrounds.

Understanding a culture is an integral part before working with the people of that culture. This is often called cultural intelligence. The negotiators can easily navigate through the differences in the cultures and act accordingly. They are educated and skilful towards the culture. (Ayemibo 2020, 13.) To educate and provide cultural intelligence to the negotiators is also one of the core reasons of this thesis. The way people communicate can definitely impact the negotiations and help negotiate more advantageous agreements. Communicating directly shows openness and the message can be delivered more clearly (Benetti, Ogliastri, & Caputo, 2021). This is the type of communication that Finland prefers. In Pakistan, negotiators tend to use non-verbal communication style and cues. This is called indirect communication (Moran et al. 2011, 72.) Better understanding of the communication styles always helps to adapt to the differences of other cultures in business negotiations (Caputo, Oluremi & Amoo 2019, 24.)

Firstly, Finnish and Pakistani business practices and cultures are discussed. Secondly, Hofstede's and Trompenaars' cultural dimensions are debated in the theoretical part. Following from that the research method of the thesis is elaborated in detail. Finally, the results of this research are then analysed to provide recommendations and conclusion at the end of the research.

2 FINNISH AND PAKISTANI CULTURES AND BUSINESS PRACTICES

Cultural differences play a crucial role in international business negotiations. Cultural differences are connected with the variations in values, norms, beliefs, and behaviours between different cultures (Nooh 2023, 18). Understanding and managing these differences is necessary for prosperous negotiations in a global setting. Collaborating across the borders in terms of business can be achieved by active cross-cultural communication. The decision of choosing the right style of communication, either direct or indirect, is also based on understanding the cultural preferences. Being aware of the cultures nurtures empathy and allow the negotiators to respect the perspectives of the negotiators from the other country. (Adler 2002, 224).

2.1 Finnish culture and business practices

In this chapter, Finnish culture and business practices are discussed in terms of cultural values and norms, business etiquette, communication styles, negotiation strategies and tactics, and decision-making processes. In the heart of Nordic region and up in the north of Europe, Finland is a unique country which is rich with culture and progressive people. In the business culture of Finland, the environment is very business friendly and people follow such customs that are favourable for good business practices. In Finnish social settings, impartiality, transparency and openness in communication are encouraged nationwide. People in Finland have a different approach towards challenges which focuses on willpower and resilience. This approach is called *sisu*. *Sisu* can be seen implemented in various business discussions in Finland where Finnish people show consistency and stubbornness. (Ayemibo 2020, 13.)

Finnish people emphasize punctuality in businesses whether it is related to business meetings or meeting targets. They also use direct approach in terms of communication while their communication is brief and clear. Business negotiation in Finland should be transparent and honest, so that it establishes trust and confidence in business negotiations. There are some nonverbal ways of communication as well. For example, a good eye contact and a handshake, can be very beneficial for building a good relationship. The information passed through any communication channel should be accurate without any lies or unreal data. (Moran, Abramson & Moran 2011, 37.) In Finnish style of decision making, opinions of all the stakeholders are valued. The data is scrutinised in a very careful manner so the de-

isions made on the basis of the data are logical and understandable. In the final decision-making process, multiple individuals from various areas of expertise are involved. The final decision-making process also emphasizes a preferred equal distribution of power, ensuring that the decisions are made with the involvement of all stakeholders. (Ayemibo 2020, 19.)

2.2 Pakistani culture and business practices

Pakistan has a diverse and rich culture. The culture of this country is affected by the mixture of civilizations and rich history which also includes religious practices and customs that help different interactions with countries. Collectivism is the essence of the culture of Pakistan where well-connected family system is cherished. Authority of the individuals is respected and valued. Many business relationships often start from personal connections among relatives and friends. People tend to turn their family and social ties into professional opportunities. (Hofstede Insights, 2023.)

Business etiquette and communication styles in Pakistan are based on friendly and warm greetings. Elderly people are respected and authoritative people are also respected. Titles in Pakistan are taken seriously, for example, Doctor or Professor. In this culture, communication is indirect and soft which is for preserving dignity at times. Gestures and body language are also important along with personal connections which are perceived as a positive thing (Hofstede Insights, 2023). In Pakistan, decision making process is based on the structure of the hierarchy. Sometimes, all the stakeholders decide collectively and democratically. But a majority of the business setups exhibit dictatorship or called “Saith Culture”. That implies, the highest official has the right to decide whatever they want to. (Hofstede Insights, 2023.)

2.3 Comparative analysis of cultural differences

The differences between business environments of Pakistan and Finland are evident and visible culturally. Communication style in Pakistani business culture is more personal and reference based. If people are called with their titles and designations then they feel better and happier. As explained earlier, gestures and body language are used more than verbal languages. So, expressions make a good impact in terms of understanding the point of view. For example, showing agreement can be accomplished by just nodding the head / face. (Evason, Memon & Saeed, 2016.)

Whereas in Finnish business culture direct communication is used. Concise and to-the-point conversation is the Finnish style and it impacts the conversation in terms of controlled time frame of the discussions and not deviating from the agenda. Both cultures have respect for others. Adaptability is common in Finnish and Pakistani cultures. Education is valued and major influence on learning new skills and knowledge. (Hofstede Insights, 2023.)

2.4 Identification of challenges and opportunities in cross-cultural negotiations

One of the major challenges in Pakistan and Finland is language barrier in cross-cultural business negotiations. Linguistic differences pose a significant challenge between both of the nations. While, this gap can be bridged by selecting a common language, such as English. But still detailed and documented conversations via different platforms are also combined with in-person meetings. This will gradually dispel doubts about verbal communication. Punctuality in Pakistan is not followed strictly but in the presence of a strong relationship, delays can be better comprehended and accepted. (Hofstede Insights, 2023.)

Pakistan and Finland both experience extreme winters in different parts of the countries. This can be a great opportunity to discuss about, in terms of products and fruits produced in cold areas of both countries. Finland being the expert of the cold weather can help Pakistan in providing good knowledge and skills to produce good number of products through agriculture and greenhouse farming in the extreme winter areas of the country. To foster innovation in agricultural products, collaborative research projects can be organized. These can be potential areas of synergy as well. (Rehman 2021, 46.)

3 HOFSTEDE'S CULTURAL DIMENSIONS

Hofstede's cultural dimensions theory is a model to analyse and compare differences of culture in international business negotiations (Hofstede 1980). The theory identifies several dimensions that influence negotiation dynamics. Hofstede's country comparison tool (Hofstede Insights, 2023) will be used in this thesis to identify factors affecting the negotiations.

3.1 Power distance

The power distance explains the difference of authority and power, their unjust distribution and acceptance by the society (Hofstede 1980). The culture where power distance is high, the distance between the people of power and common people is high. Pakistan is one of these countries. Here, respect belongs to the notables or to people with power. On the other hand, when this factor is low, equality prevails and power is distributed equally. Finland is an example of this culture. In low-distance cultures, everyone contributes to the pivotal decisions. (Adler 2002, 52-54.) The comparison shown below in Figure 1 from Hofstede insights, Pakistan scored 55 and Finland scored 33 and supports the above mentioned.

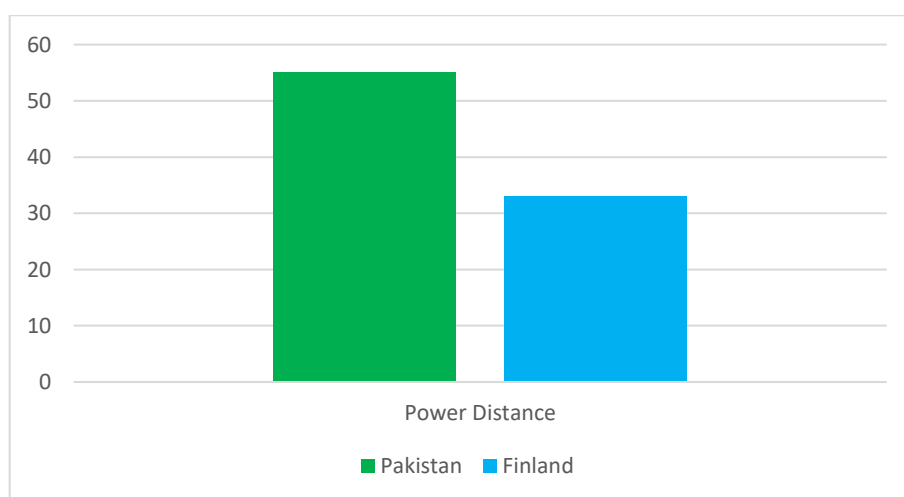


FIGURE 1. Power distance (adapted from Hofstede 2023)

3.2 Individualism versus collectivism

This dimension focuses on how much a person is concerned about their own interest as compared to the interests of the collective (Hofstede 1980). Pakistan is a country where groups of people collectively make decisions which increases the synchronisation in the society at large. Finland business negotiations are influenced by personal interests and goals. So, this demonstrates the comparison of Finland as individualistic country while Pakistan as collective country. (Moran et al. 2011, 37.) As presented in Figure 2, Pakistan has a very low score (14) and considered as collectivistic country. Pakistanis consider loyalty as the most important factor in business negotiations. Finland, on the contrary, has a significant 63 score which shows individualistic culture of the people. In this setting people tend to look after themselves more than anyone else.

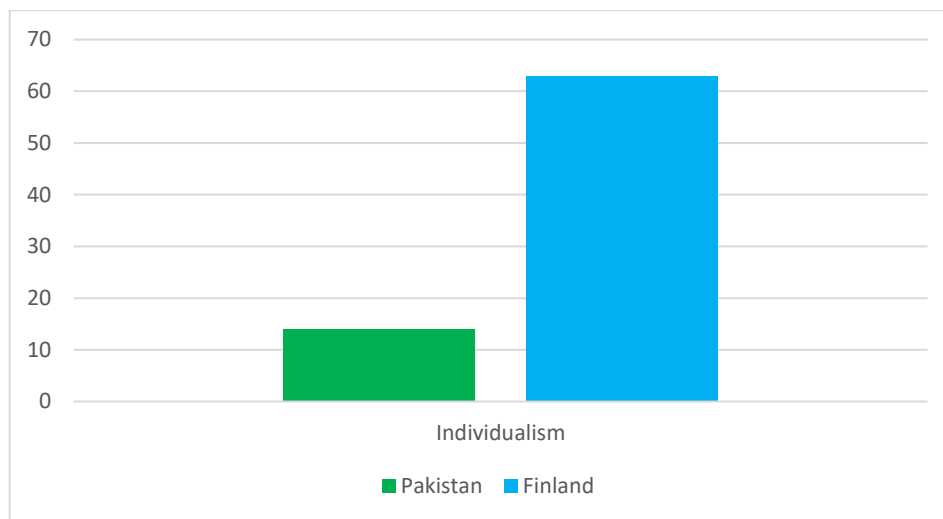


FIGURE 2. Individualism versus collectivism (adapted from Hofstede 2023)

3.3 Masculinity versus femininity

The dimension of masculinity versus femininity shows the values associated with competitiveness, decisiveness, and achievement compared with collaboration, nurturance, and quality of life (Hofstede 1980). Masculine societies involve negotiation assertiveness and concrete outcomes in negotiations. On the other hand, femininity in negotiations focus on collaboration, relationship-building, and mutual understanding. (Moran et al. 2011, 127.) As shown in Figure 3, Pakistan scored 50 and the country's preference is not clear. While Finland has a robust score of 26 which clearly shows that Finland is a feminine country.

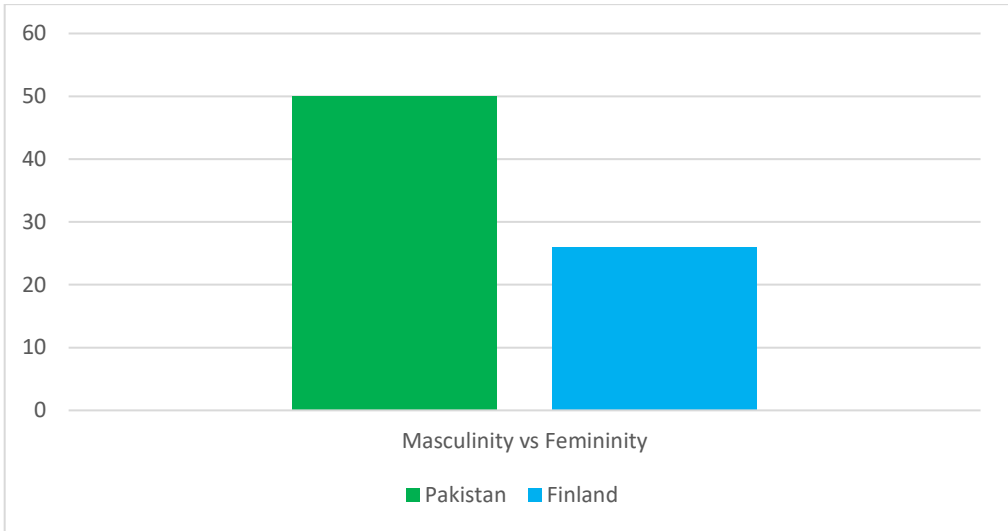


FIGURE 3. Masculinity versus femininity (adapted from Hofstede 2023)

3.4 Uncertainty avoidance

As the term implies, uncertainty avoidance assesses the extent to which a culture tolerates uncertainty and ambiguity. According to Hofstede insights (2023), Pakistan scores 70 in uncertainty avoidance while Finland scores 59 as shown in the Figure 4. Pakistan has high uncertainty avoidance in negotiations and focuses on detailed processes and specifications so that the uncertainty can be reduced. Finland’s business negotiation culture has low uncertainty avoidance and that is why Finns are flexible and accept the ambiguity.

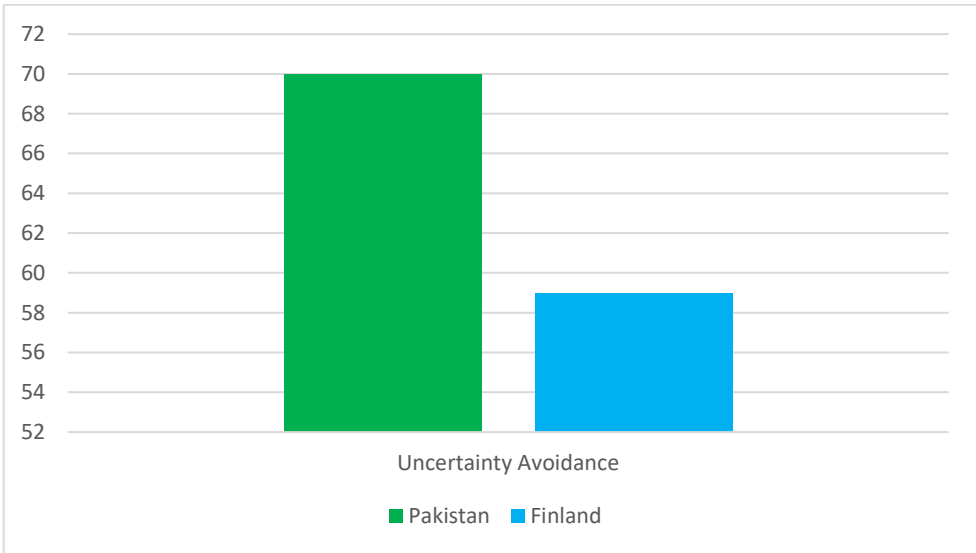


FIGURE 4. Uncertainty avoidance (adapted from Hofstede 2023)

3.5 Long-term versus short-term orientation

The focus on long-term goals, customs, and determination versus short-term outcomes, adaptation, and practicality, explains the long-term versus short-term orientation. Pakistan scored 19 but Finland scored 63, shown in the Figure 5. Therefore, Finland follows the long-term orientation in business negotiations. Trust matters to the Finns and that is why they prefer long-lasting relationships. Pakistan has more short-term orientation in business negotiations. Pakistanis want quick gains and solutions that are practical in real life. (Hofstede Insights, 2023.)

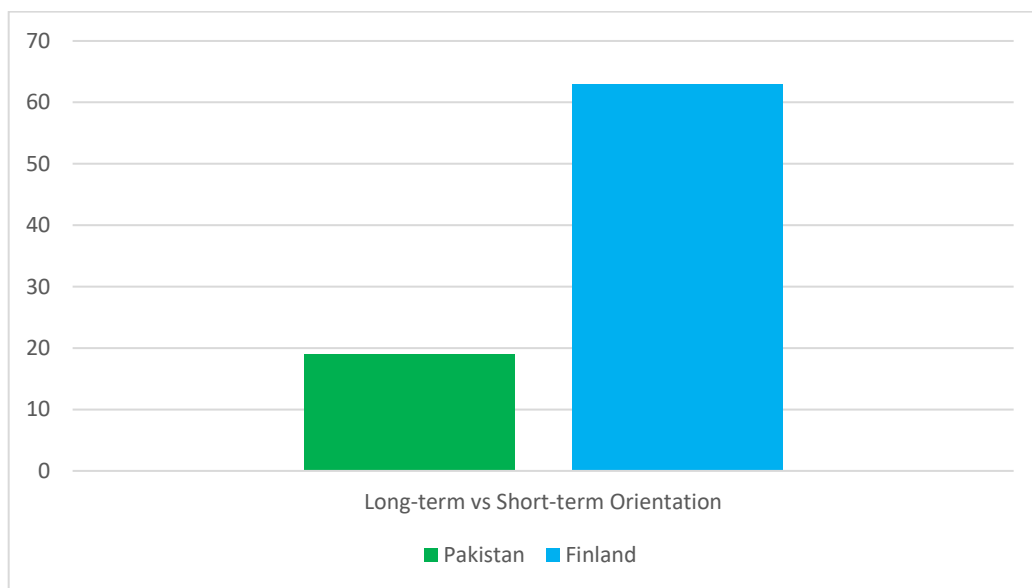


FIGURE 5. Long-term versus short-term orientation (adapted from Hofstede 2023)

3.6 Indulgence

Indulgence is about the extent to which people of a society control their desires and urges. This is based on their upbringing. A weak control the desires can be called indulgence while a strong control on the desires makes people restraint. So, it is the culture that is labelled as indulgent or restrained. Countries with high score in indulgence are more indulgent countries. Finland has a high score in this dimension as shown in Figure 6. This means that the Finns are more prone to follow their desires and willing to know what their instincts want from them. These people are more social and want to have a life full of fun. This shows that their optimistic and positive attitude towards life. They want to spend more money to fulfil their desires other than anything else. (Hofstede Insights, 2023.)

However, Pakistan has a completely different and very low score, scoring zero. This shows that Pakistani culture is very restrained for the people of Pakistan. With this low score, pessimistic attitude and controlled desires can be observed in the people. In cultures where restraint is valued, individuals tend to avoid spending on their desires, viewing indulgence as morally inappropriate. Restrained culture limits the thoughts of the people and lacks productivity. Pakistanis need to work on their indulgence and try to minimize their retainment from their culture. (Hofstede Insights, 2023.)

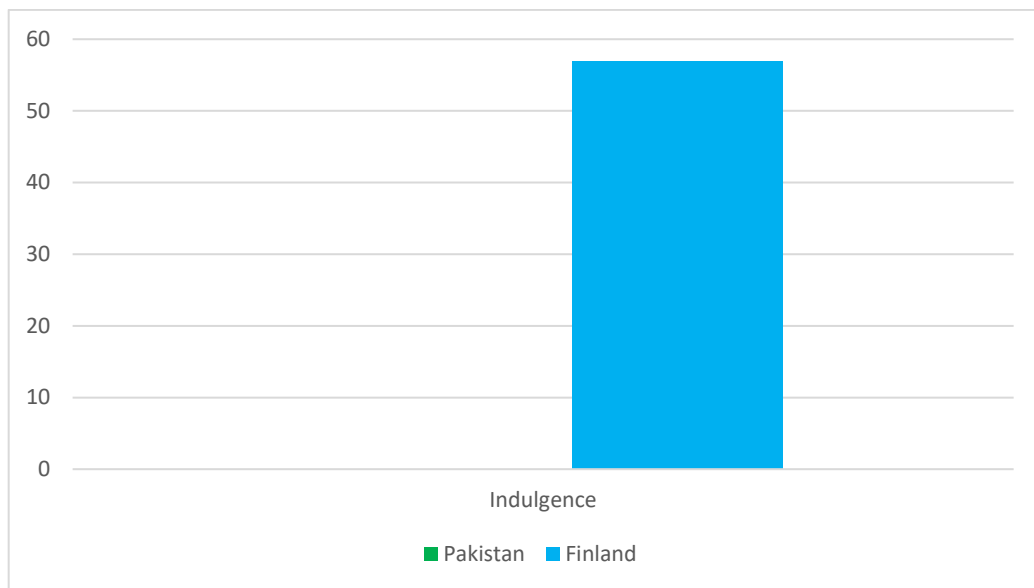


FIGURE 6. Indulgence (adapted from Hofstede 2023)

4 TROMPENAARS' CULTURAL DIMENSIONS

To understand the differences between business negotiations in cultures, there is another framework or model, usually called as Trompenaars' cultural dimensions model. This was developed by Fons Trompenaars and Charles Hampden-Turner. (Hofstede, 1996, 189.) These dimensions include universalism versus particularism, individualism versus collectivism, neutral versus emotional, specific versus diffuse, achievement versus ascription, internal versus external and synchronous time versus sequential time.

The dimension of universalism versus particularism focuses holistically on the implementation of general regulations and rules in negotiations, no matter what a relationship or context is under observation (Trompenaars & Hampden-Turner 2020, 93-99). Finland has a universal culture in terms of business negotiations and that is why Finns are normally formal in processes and legal frameworks. Finnish culture works on rules, regulations and their implementation. (Lindholm 2013, 25.) Pakistanis focus more on personal connections and context while in a negotiation (Ahmad & Allen 2015, 3).

Moreover, the dimension of individualism versus collectivism comparison shows the degree to which individuals are concerned about their own interests and not too much concerned with the interests of the society at large. In individualistic cultures, business negotiations are focused on individual goals and personal achievements. (Trompenaars & Hampden-Turner 2020, 123-132.) This is what has been fostered by the business culture in Finland. Personal freedom and individual performance rewards are part of Finnish business cultures. (Lindholm 2013, 26). Pakistani business negotiations comprise on collectivist cultures and it is concerned with groups instead of individuals (Nawaz, Akhtar, Zahid & Tian 2020, 101).

Business negotiations also include emotions and the dimension of neutral versus emotional describes the degree of these emotions in business negotiations (Trompenaars & Hampden-Turner 2020, 136-143). Finnish business environment is neutral towards the emotions in negotiations and they do not let the emotions guide their business deals (Lindholm 2013, 28.) Pakistan has a more expressive culture of emotions in business negotiations and this helps to create good reputation and trust (Nawaz et al. 2020, 100).

The dimension of specific versus diffuse comparison is important to understand and differentiate between personal and professional life in business negotiations (Trompenaars & Hampden-Turner 2020,

151-160). Pakistani business negotiations commonly involve personal lives, get extra involved in the negotiations and follow a more diffuse business culture (Khakwani 2014, 74). On the contrary, Finland follows a specific approach while maintaining clear boundaries in personal and professional connections in the business negotiations (Lindholm 2013, 27).

Furthermore, the dimension of achievement versus ascription defines the foundation of status, skills and authority (Trompenaars & Hampden-Turner 2020, 188-200). Finland's negotiations outcomes are determined by the talent, abilities, and accomplishments of its people. This is basically a business environment that is concerned with achievement. (Lindholm 2013, 29.) Pakistan, on the other hand, is a country where age and superiority are given privilege in negotiations (Nadeem & Tayyab 2021, 55).

The dimension of internal versus external is more influenced by the control of the environment. Internally oriented societies are more organized and they are not controlled by the environment. (Trompenaars & Hampden-Turner 2020, 220.) They are the ones who impact the environment and control it. They are usually innovative in terms of technology. Finnish culture represents internally oriented people. (Lindholm 2013, 30-31.) In contrast with that, in Pakistani culture relates more with external environment. Environment, including external factors, politics and market usually affects them. (Khakwani 2014, 45-46.)

Lastly, the dimension of synchronous time versus sequential time focuses on the time and its relationship to the culture (Trompenaars & Hampden-Turner 2020, 184-186). Cultures like Pakistani, usually prefer doing multiple tasks at the same time. For them, time is flexible. They believe in doing multiple activities in parallel. Hence, Pakistani culture is considered a synchronous society. In cultures such as the Finnish culture, focus is on punctuality and they carefully plan their tasks. They structure time sequentially. (Lindholm 2013, 30.)

5 RESEARCH METHOD

Using the right research method is very important. Qualitative and quantitative are two types of research methods. Qualitative research is related to a more non-numeric data collection which includes analysis and collection of open-ended data. The quantitative research method is related to numeric and countable data collection. (Ahmad, Wasim, Irfan, Gogoi, Srivastava & Farheen 2019, 2828.) The focus of this chapter is to craft the methodology, through which the data has been collected from the selected and relevant sample size for this research. The research methodology employed is quantitative, making it more practical and convenient for gathering data through a survey, especially considering the limited scope (Yari, Lankut, Alon, & Richter, 2020).

Pakistan and Finland are two diverse countries in terms of culture but these countries are very important in international business community. According to Hofstede insights (2023), Finland's power distance is lower than Pakistan while Pakistan is a collectivist country and Finland is individualistic. Being the two very different countries in several aspects, they are good fit to be examined for the better understanding of international business negotiations. Also, the commissioner knows both of these countries' business styles and have worked in them extensively. The author of this research is living in Finland and has a keen interest in the business environment of Pakistan. All these reasons made Pakistan and Finland the right choice for this thesis.

To collect the data for this study, the survey method was utilized. For that matter, a questionnaire was developed. The questionnaire sought for the information in the light of Hofstede and Trompenaars models. The questions were directed to ask cultural orientation in international business negotiations. The factors which has been discussed in the theoretical part were asked in the survey.

Persons, who are used to conducting cross-cultural negotiations for Pakistan and Finland, were the respondents of this research. With the help of the commissioner's experience and business contacts, professionals were selected from both countries who have the experience of international business negotiations. The sample size was based on the feasibility of the respondents and there was a balance in representing countries. Total 36 responses were collected. The statistics of the data will be explained in detail, and the responses will also be discussed to understand their differences. The data is helpful in understanding trends and the relationship between different parameters to provide valuable information. The data analysis eventually aimed to describe the affects of diverse cultures on the international business negotiations.

6 RESEARCH RESULTS AND ANALYSIS

The questionnaire was created by using Webropol survey and reporting tool, as a platform to collect responses. Total responses received were 36, and 56% respondents were from Finland while 44% were from Pakistan. These respondents were of different categories, e.g. CEOs, managers and random employees. Their years of experience ranged from minimum 1 year to maximum 40 years. In this chapter, the questions and their responses will be discussed and analysed. The questionnaire comprises different sections. Following subchapters will help understand the analysis of those sections separately.

6.1 Finnish culture and business practices

In this section, the first three questions of the questionnaire that are discussed the data is related to only Finnish business negotiations was collected. All the pictures include a graph with percentages of the responses and number of responses in the tabular form. The first question of the questionnaire shows responses about the factors emphasizing business interactions in the Finnish culture, as shown in Figure 7. It shows that 28% respondents supported individualism, 39% supported collectivism, 30% were in favour of professionalism and only 3% considered that personal relationships are emphasized in Finnish business cultures.

First question provides information regarding the factors affecting the business interactions in the Finnish culture. First of all, this score is not in line with the literature. Finnish culture is more individualistic as in the Hofstede's dimensions, it scores 75. This means that in Finnish business negotiations, collective goals and benefits are prioritized. Personal interests are discouraged in the Finnish business negotiations. This data also helped in understanding that the professional attitude in business negotiations is also favoured where ethics and expertise are valued.

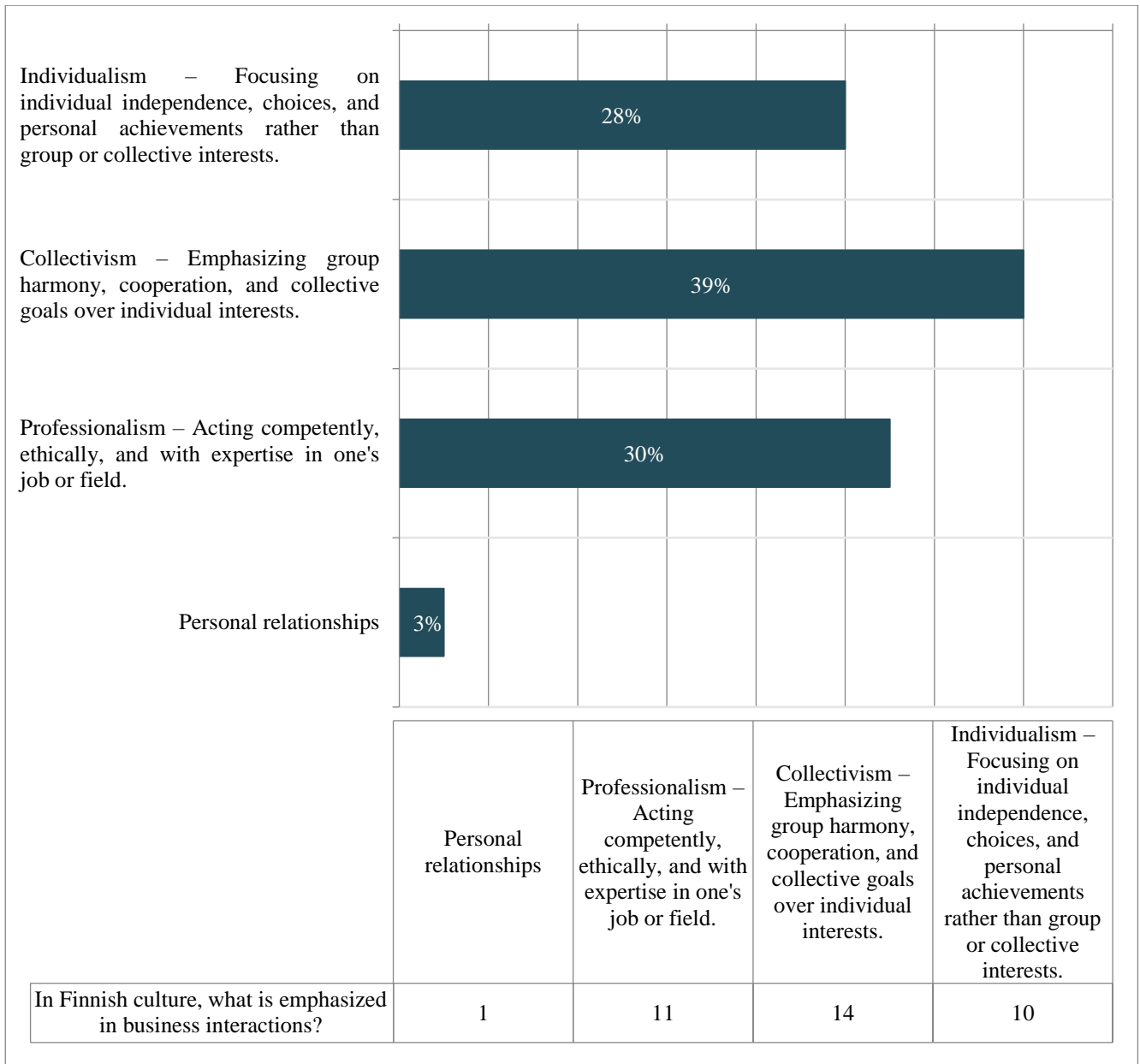


FIGURE 7. In Finnish culture, what is emphasized in business interactions?

Furthermore, the next question is related to the communication style of Finnish business negotiations. The responses of question number two are shown in Figure 8 below. The responses from second question are clearly showing that the communication style in Finnish business negotiations is direct and explicit and that received a high percentage of 75% responses. Also, formal communication style is practiced according to more than 20% respondents which also adds to the professional, direct and non-causal approach in business negotiations. Figure 8 also includes the exact number of responses at the bottom of the figure.

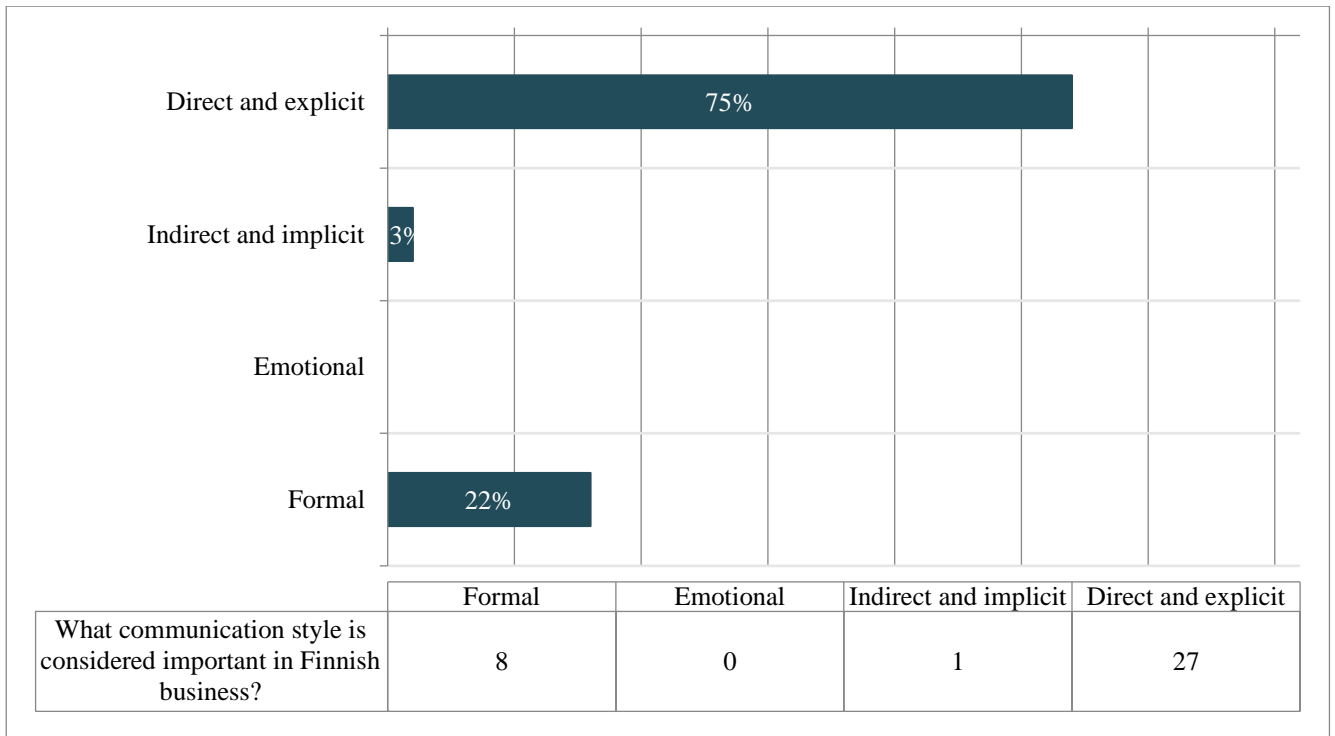


FIGURE 8. What communication style is considered important in Finnish business?

Similarly, the third question provides the information related to decision making in business community of Finland. The graph of responses shown in Figure 9 distinctly illustrates that 53% respondents proved that collaborative decision making is practiced in Finnish business negotiations. This means that most of the decisions are not made individually. The number of responses are also shown in Figure 9 below.

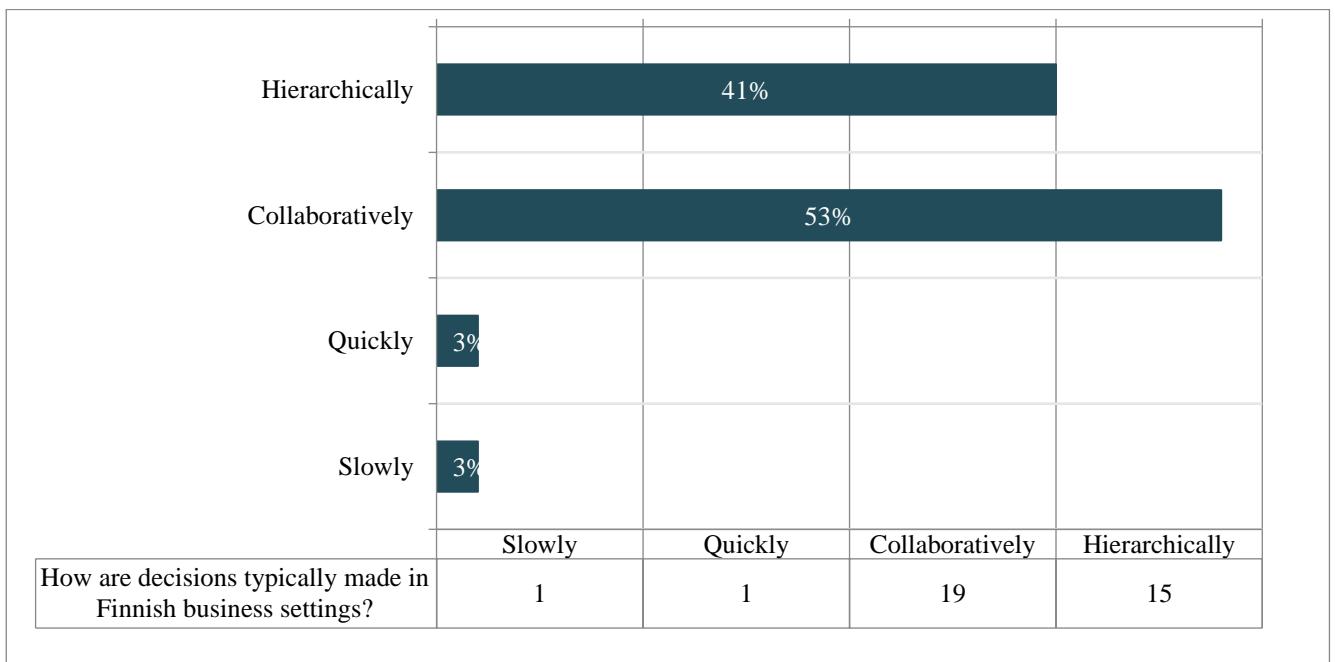


FIGURE 9. How are decisions typically made in Finnish business settings?

6.2 Pakistani culture and business practices

In this section, responses of three questions are going to be discussed. The reason of discussing these questions separately is to understand the data for each country. This also provides a deep insight regarding culture and business practices. The fourth question discusses Pakistani business culture and negotiations. According to the responses shown in Figure 10, collectivism is reported by 42% of the respondents which is a high number.

In Pakistani business interactions, there is a strong emphasis on collectivism and mutual and collective goals are preferred instead individual ones. Along with that, professionalism has also a strong 22% emphasis on business culture. Responses of 28% respondents are in favour of individualism as well, it means people do focus on their own gains and interests as well. Therefore, it can be considered that collectivism is answered by the majority of respondents. but individualism also exists in the Pakistani business interactions. The amount of the responses is referenced within the Figure 10 in the form of a table.

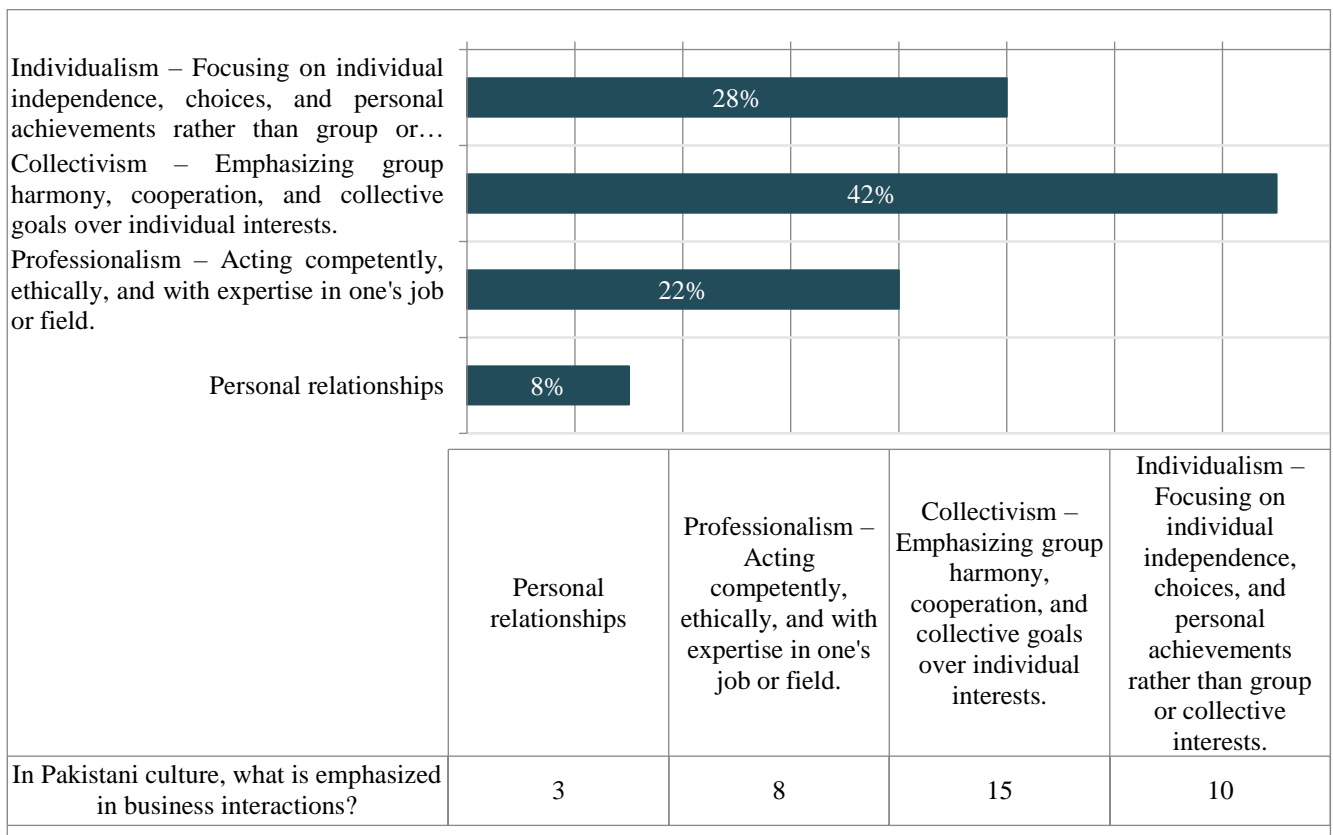


FIGURE 10. In Pakistani culture, what is emphasized in business interactions?

Similarly, the fifth question discusses the communication styles of the Pakistani business interactions. As per Figure 11 below, 39% of the respondents think that indirect and implicit way of communication is practiced in Pakistan while according to 30% of the respondents direct and explicit communication style is practiced. Also, respondents believe that formal or emotional way of communication styles is used in Pakistani business culture, but its percentage is less than 20% each. Exact number of responses are also shown in the Figure 11.

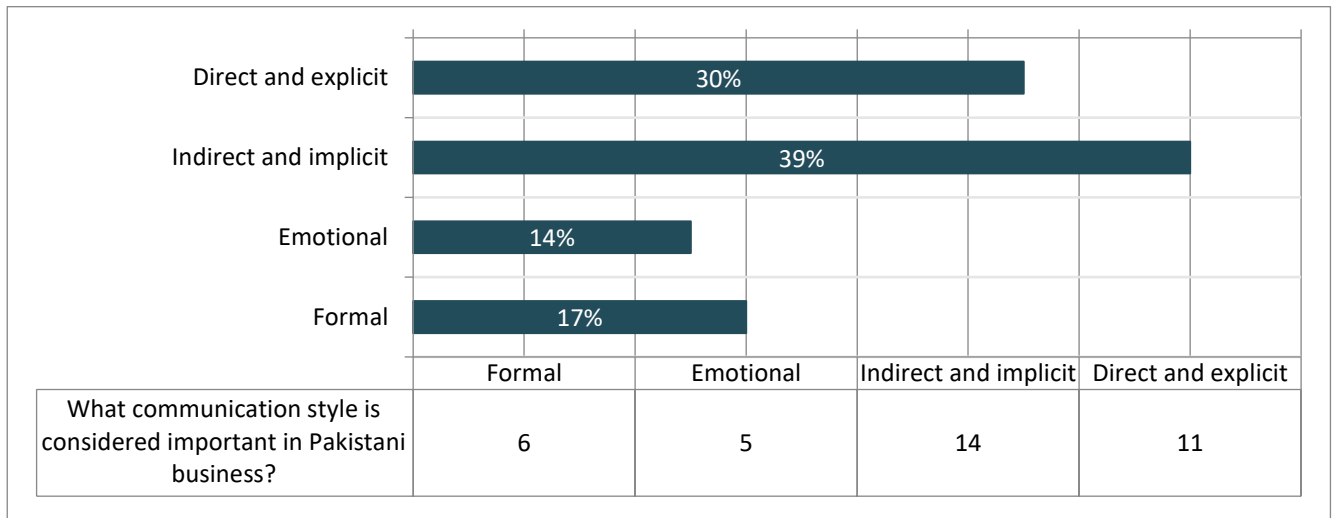


FIGURE 11. What communication style is considered important in Pakistani business?

Decision making in Pakistani business culture is an important aspect which is discussed in the next question. As shown in Figure 12, 56% respondents think that Pakistan is a country where decision making is based on hierarchy. Leaders, CEOs or top management officials make decisions individually and independently. Number of respondents who think the process of decision-making is slow in Pakistani business culture are 14%. Both points are related to each other specially in large scale organizations, because problems are reported to someone higher in the hierarchy, and it takes time for that person to address and process the reported concerns. The responses related to the question 6 are mentioned in numbers in Figure 12.

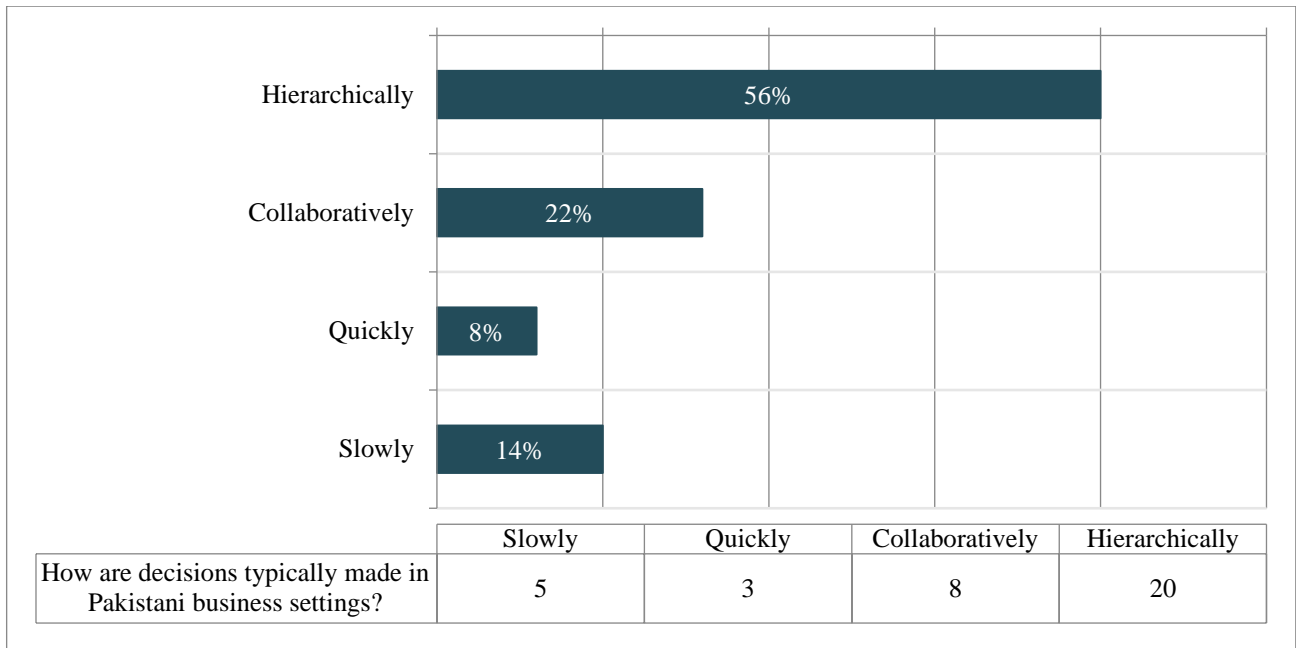


FIGURE 12. How are decisions typically made in Pakistani business settings?

6.3 Cultural differences between Finland and Pakistan

Questions and their responses concerning both of the countries are discussed in this section. In seventh question, the respondents were asked to choose a country with higher power distance between Pakistan and Finland. 69% of the respondents have selected Pakistan as a higher power distance country and only 31% respondents think otherwise. This shows that in Pakistan the power is not distributed equally and few individuals have the power in the system as shown in Figure 13. This figure also includes the exact number of responses under the graph for Finland and Pakistan.

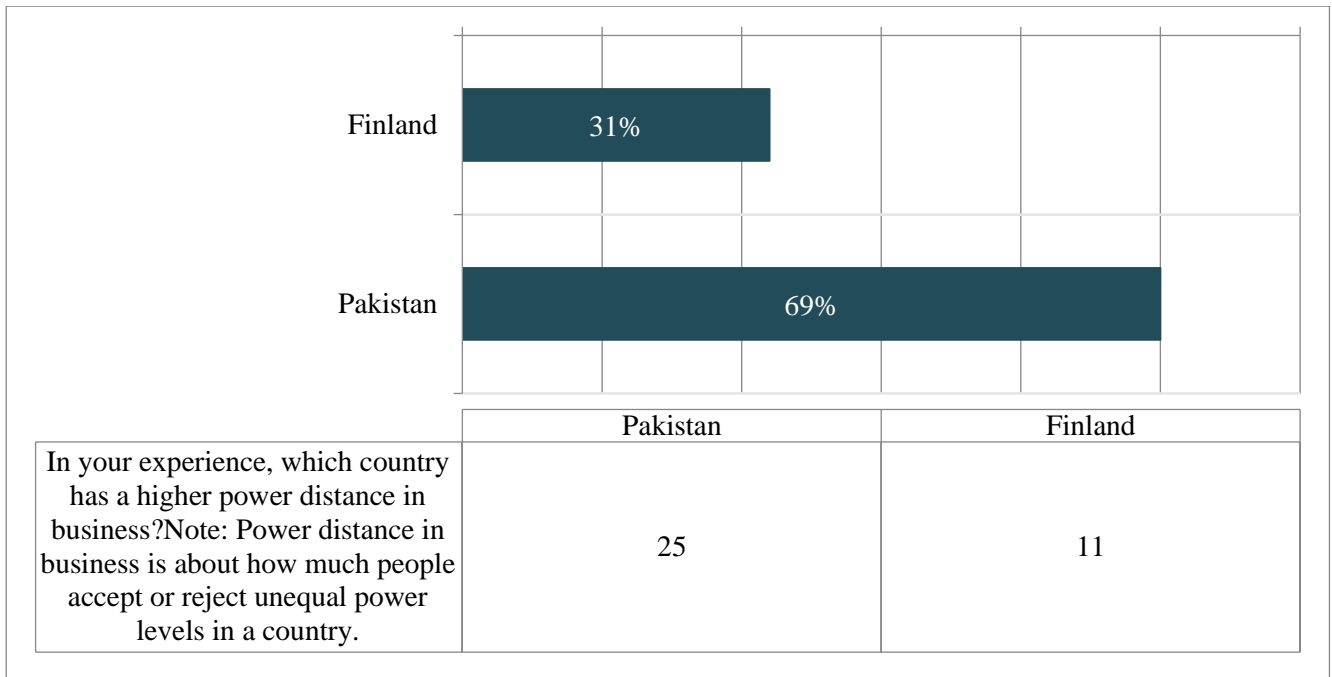


FIGURE 13. In your experience, which country has a higher power distance in business?

On the other hand, eighth question's responses indicate that Finnish business culture is more inclined towards individualism according to the respondents. As Figure 14 shows, 72% respondents have selected Finland as country where individualism is supported. Pakistan is low on individualism with 28% responses. The exact division of responses in numbers is also given in the data table of Figure 14. This discourages the collective goals and personal gains of the individuals in a business culture.

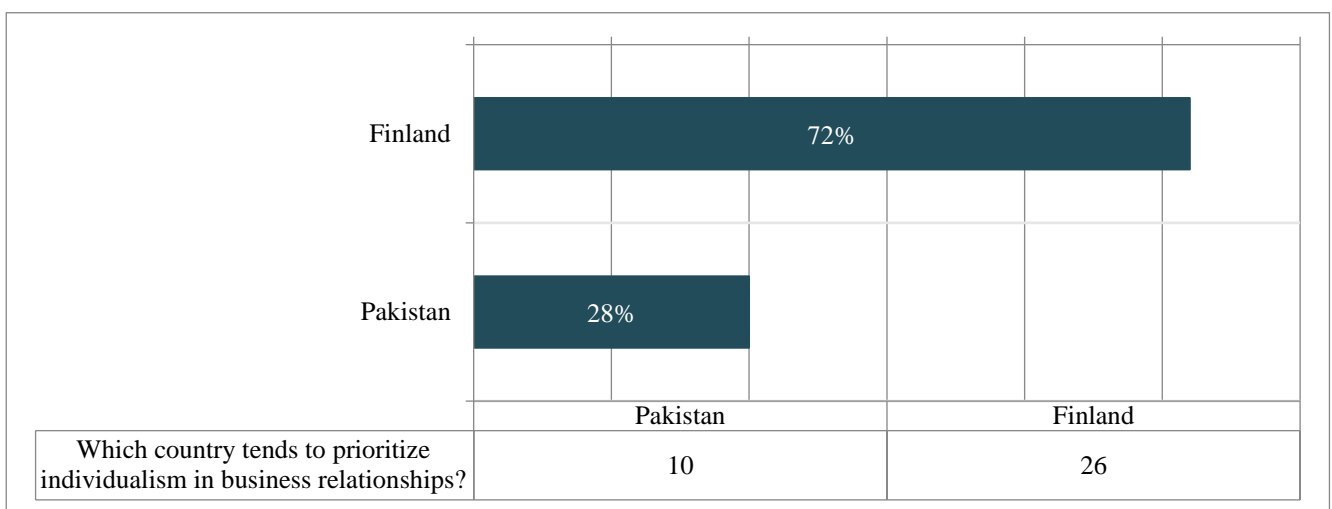


FIGURE 14. Which country tends to prioritize individualism in business relationships?

Moreover, the ninth question provides the information regarding the comparison between Pakistani and Finnish business cultures in terms of achievement-oriented nature. 78% respondents have responded that Finland’s business culture is achievement oriented as described in Figure 15. This shows that Pakistani business culture scored low on achievement-oriented dimension which means that there is a need to set goals. And Finland being the high scorer has more clarity towards the future goals and aims. (Adler 2002, 186).

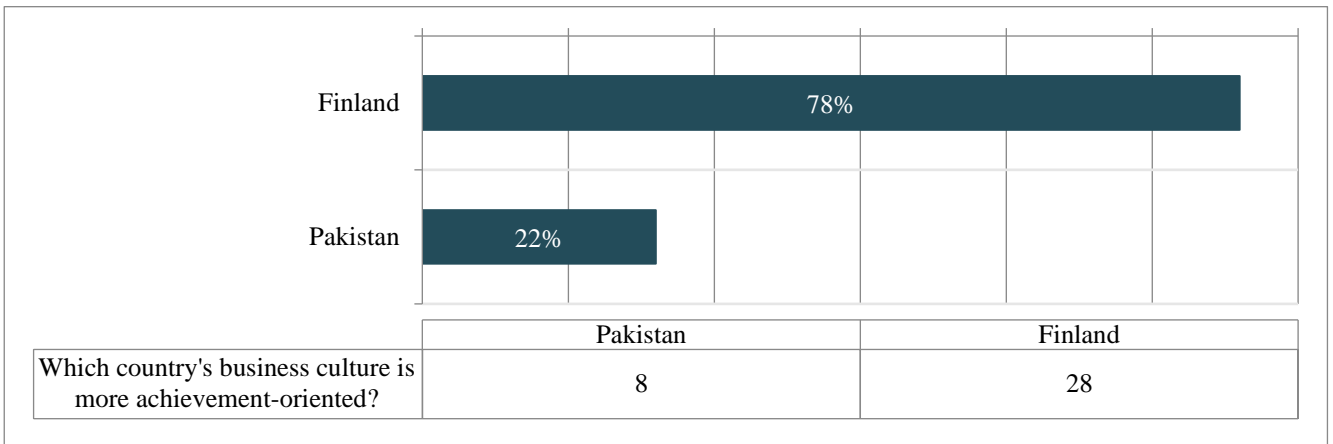


FIGURE 15. Which country's business culture is more achievement-oriented?

From all the 36 responses, 89% respondents believe that cultural intelligence, which means adapting to the cultural trends and cultural differences in business negotiations, is essential for a better impact in international business negotiations. But just a fraction of respondents (i.e. 11%) believe that it does not help at all as shown in Figure 16. Responses in exact values are mentioned in this figure as well.

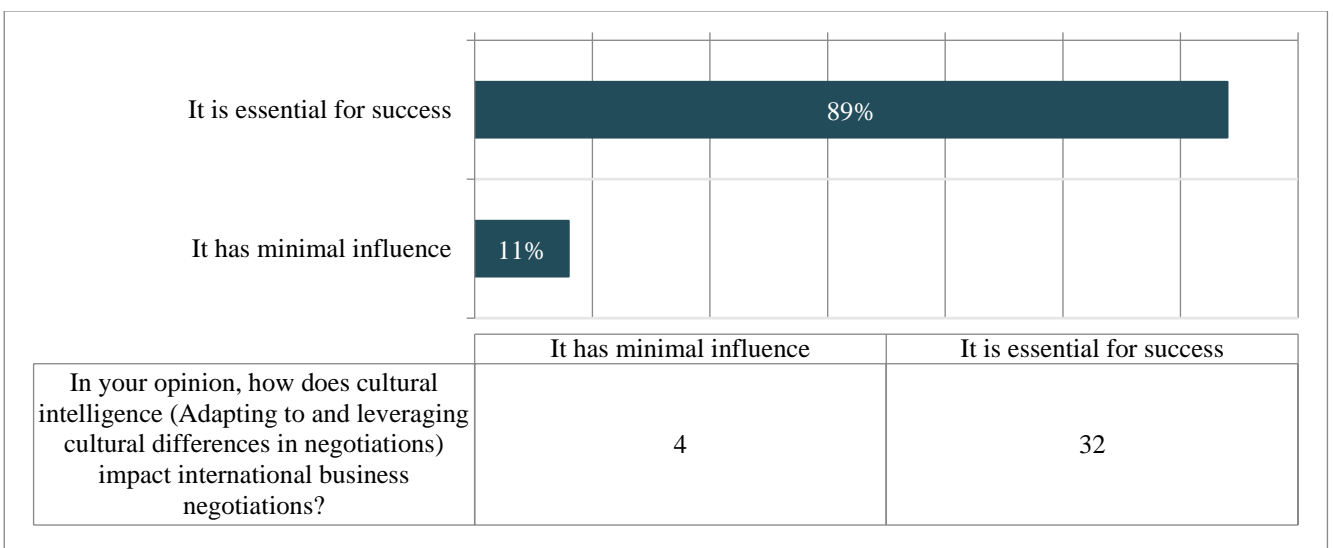


FIGURE 16. In your opinion, how does cultural intelligence (Adapting to and leveraging cultural differences in negotiations) impact international business negotiations?

As general opinion from the respondents collectively, 67% respondents believe that direct and explicit way of communication is more effective in cross-culture negotiations. This type of communication style has more clarity and efficiency. It reduces ambiguity which is very important in cross-cultural negotiations. Clearer communication is also helpful in quicker decision making. Overall negotiation process becomes smooth as well.

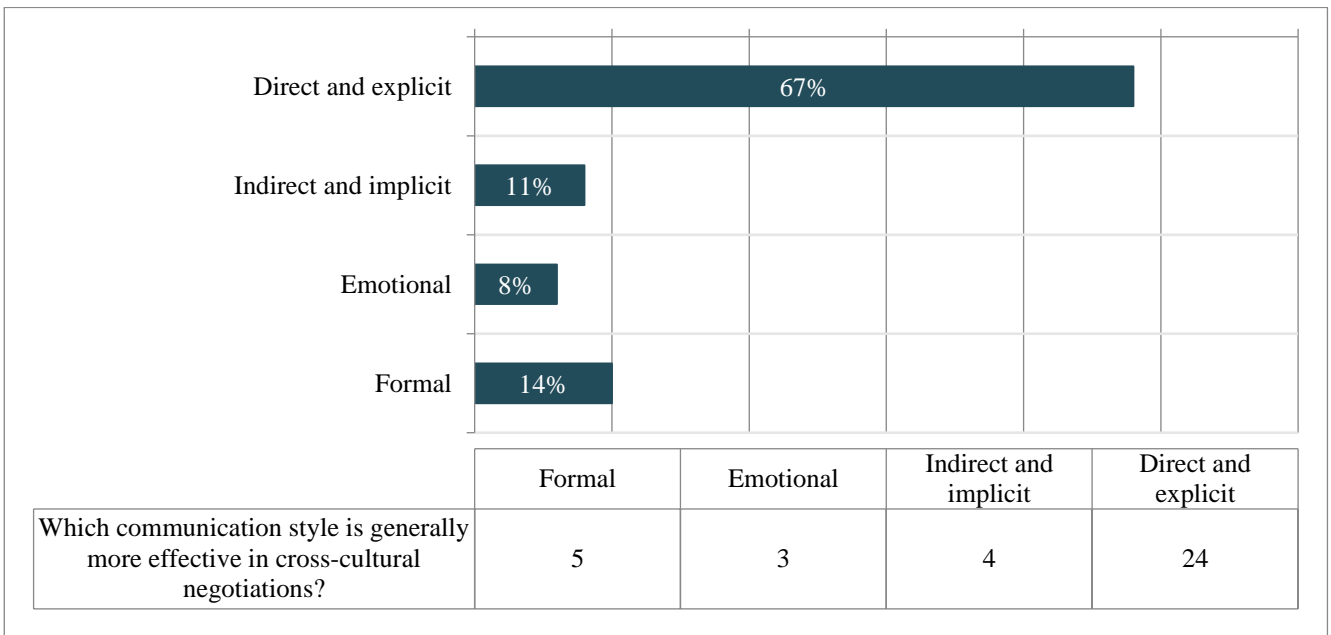


FIGURE 17. Which communication style is generally more effective in cross-cultural negotiations?

7 RECOMMENDATIONS FOR INTERNATIONAL BUSINESS NEGOTIATORS IN FINLAND AND PAKISTAN

The survey described in previous chapter provides useful insights for the negotiators in Finland and Pakistan. First of all, the cross-culture negotiators should respect the culture of other countries while in an international business negotiation. Negotiators from Pakistan who want to do business deals with businesses in Finland, should know that Finnish business culture is individualistic and achievement oriented. Direct communication is highly appreciated in Finnish business culture. Clear information and upfront communication is always appreciated by them.

On the other hand, cultural sensitivity should be honoured in Pakistan, specially while working with businesses in remote areas. Their traditions and values should be taken very thoughtfully. As collectivism is part of the Pakistani business culture, personal connections should be created for a smoother process of affairs. This also helps in meeting higher officials of the industry or government. Their respect is a necessary part of the culture. Delays can be expected in terms of decision making as indirect and implicit communication styles are used. Also, decision making is executed by the high officials. They are already burdened with such tasks and that is why decision making may slow down.

The information collected in theoretical part and responses of survey collectively support that decision making is performed collectively in Finnish business culture. The negotiators should know that decisions of finalizing the deal is not in the hands of an individual. Hence, the negotiators should be prepared for that. According to the survey responses, the power is not limited to few individuals in Finnish business culture. In Pakistan, power distance is high, so few individuals have the power. Negotiators should focus on making good contacts in Pakistan for successful business deals. Negotiators should also be aware that cultural intelligence is very important for good business negotiations. Therefore, negotiators should be well prepared and know the business culture of the country for which the business deals are being negotiated.

8 CONCLUSION

Finnish and Pakistani business cultures were studied via literature and it provided insight of the behaviours, norms and customs of these business cultures. The Hofstede's cultural dimensions and Trompenaars' cultural dimensions were discussed in this thesis. These tools provided the related information and helped in learning about the business cultures for international business negotiations. It revealed that Pakistani and Finnish business negotiations are based on different factors. These factors are power distance, individualism, collectivism, masculinity, femininity, uncertainty avoidance, long term goals, short term goals, cultural intelligence and communication styles.

The data was collected from literature and then a research survey questionnaire was developed which was filled by 36 people. These people had understanding with the concepts of international business negotiations of both countries. Most of the responses supported the literature. The cultural differences influence the international business negotiations. The power distance of Pakistani business culture is high which plays its part in the procedural or decision-making delays in the international business negotiations. Communication styles are different for both countries. According to business cultures of both countries, cultural intelligence and cultural awareness is an important factor for success. According to the respondents, Finland is more achievement oriented when compared to Pakistan.

Conclusively, this thesis provides a wholistic understanding of business cultures of Finland and Pakistan. It provides an overview of differences and similarities in both of these cultures and explains how important business cultures are for business negotiations. Hence, the business negotiators should consider them while they are in the international business negotiations. Understanding and addressing these cultural differences can result in successful business negotiations leading to great international business deals. Ignoring them and not following them can cause destructions and failures in international business negotiations.

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Cross-Cultural Business Practices Survey

Dear Participant,

Thank you for taking the time to participate in this survey. Your valuable insights will contribute to our understanding of cross-cultural business practices in Finland and Pakistan. Please answer the following questions to the best of your knowledge and experience.

Note: All the multiple-choice questions are checkboxes.

Section 1: Finnish Culture and Business Practices

1. In Finnish culture, what is emphasized in business interactions?

- Individualism – Focusing on individual independence, choices, and personal achievements rather than group or collective interests.
- Collectivism – Emphasizing group harmony, cooperation, and collective goals over individual interests.
- Professionalism – Acting competently, ethically, and with expertise in one's job or field.
- Personal relationships

2. What communication style is considered important in Finnish business?

- Direct and explicit
- Indirect and implicit
- Emotional
- Formal

3. How are decisions typically made in Finnish business settings?

- Hierarchically
- Collaboratively
- Quickly
- Slowly

Section 2: Pakistani Culture and Business Practices

4. In Pakistani culture, what is emphasized in business interactions?

- Individualism – Focusing on individual independence, choices, and personal achievements rather than group or collective interests.
- Collectivism – Emphasizing group harmony, cooperation, and collective goals over individual interests.
- Professionalism – Acting competently, ethically, and with expertise in one's job or field.
- Personal relationships

5. What communication style is considered important in Pakistani business?

- Direct and explicit
- Indirect and implicit
- Emotional
- Formal

6. How are decisions typically made in Pakistani business settings?

- Hierarchically
- Collaboratively
- Quickly
- Slowly

Section 3: Comparative Analysis of Cultural Differences

7. In your experience, which country has a higher power distance in business?

Note: Power distance in business is about how much people accept or reject unequal power levels in a country.

- Finland
- Pakistan

8. Which country tends to prioritize individualism in business relationships?

- Finland
- Pakistan

9. Which business culture is more achievement-oriented?

- Finland
- Pakistan

Section 4: Cultural Intelligence and Communication Styles

10. In your opinion, how does cultural intelligence (Adapting to and leveraging cultural differences in negotiations) impact international business negotiations?

- It is essential for success
- It has minimal influence

11. Which communication style is generally more effective in cross-cultural negotiations?

Direct and explicit

Indirect and implicit

Emotional

Formal

Section 5: Demographic Information:

Your Country:

- Finland
- Pakistan

Your Role in Business (e.g., Business Owner, Manager, Employee):

Years of Experience in International Business (Numbers Only):

Thank you for your participation!