

Education export from Finland to Russia – Challenges and success factors

Multiple Case Study for The Jyväskylän Institute of
Adult Education

Matti Roikonen
Irina Starovoytova

Bachelor's Thesis
November 2014

Degree Programme in Business Administration
Degree Programme in International Business
School of Business





Author(s) Roikonen, Matti Starovoytova, Irina	Type of publication Bachelor's Thesis	Date 17.11.2014
	Pages 102	Language English
		Permission for web publication (X)
Title Education export from Finland to Russia – Challenges and success factors Multiple case study for The Jyväskylä Institute of Adult Education		
Degree Programme Business Administration International Business		
Tutor(s) Saukkonen, Juha		
Assigned by The Jyväskylä Institute of Adult Education, Vesanen-Kirillov Terhi		
Abstract Education export is among the priorities of Finnish Ministry of Education and Culture aimed to be turned into a profitable business, which supports the development policy and strengthens a positive image of Finland. The study was targeted to describe the key success factors and main challenges of education export from Finland to Russia as reflected by the experience of Finnish experts extensively involved with education export activities. The purpose of the study was to provide the research assignor, The Jyväskylä Institute of Adult Education, with practical insights into the process of education export from Finland to Russia and give recommendations on entering the market based on the outcomes of the study. The following three aspects of the education export process were in the focus of the research: success factors, challengers and enablers. First, the phenomenon was explored through secondary data observation, and then the empirical data was obtained through the implementation of the multiple case study research method. To get the data for an in-depth analysis, five semi-structured interviews were done with Finnish experts of education export. In the research process, a within-case analysis was successive to a cross-case analysis. The key success factors, main challenges and enablers of education export from Finland to Russia were described according to the results from the cross-case analysis. In the reflection part of the study, some recommendations were given for the assignor based on the outcomes of the study, the progress of achieving the saturation point was drawn and finally, the limitations and applicability of the study were pointed out. As a result of the research the assignor got an idea about the success factors, challenges and enablers relevant to entering the Russian market with Finnish education export products.		
Keywords Education export, Export of services, Finnish-Russian trade, Education market, Finnish education, Russian market, Challenges, Success factors		
Miscellaneous		



Tekijä(t) Roikonen, Matti Starovoytova, Irina	Julkaisun laji Opinnäytetyö	Päivämäärä 17.11.2014
	Sivumäärä 102	Julkaisun kieli Englanti
		Verkojulkaisulupa myönnetty (X)
Työn nimi Koulutusvienti Suomesta Venäjälle – Haasteet ja menestystekijät Monitapaustutkimus Jyväskylän aikuisopistolle		
Koulutusohjelma Liiketalouden koulutusohjelma International Business		
Työn ohjaaja(t) Juha Saukkonen		
Toimeksiantaja(t) Jyväskylän aikuisopisto, Vesanen-Kirillov Terhi		
Tiivistelmä Koulutusvienti on yksi Suomen opetus- ja kulttuuriministeriön painopisteistä. Siitä on tarkoitus tehdä kehityspolitiikkaa tukevaa kannattavaa liiketoimintaa ja sen avulla pyritään vahvistamaan positiivista kuvaa Suomesta. Tutkimuksessa kuvattiin Suomesta Venäjälle suuntautuvan koulutusviennin keskeisimmät menestystekijät ja suurimmat haasteet perustuen suomalaisten asiantuntijoiden pitkäaikaiseen kokemukseen koulutusviennin toiminnoista. Työn tarkoituksena oli tarjota tutkimuksen tilaajalle, Jyväskylän aikuisopistolle, käytännön oivalluksia Suomesta Venäjälle suuntautuvan koulutusviennin prosessista ja antaa suosituksia markkinoille menoon perustuen tutkimuksen tuloksiin. Tutkimus fokuoitiin koulutusvienti-prosessin kolmeen eri näkökulmaan: menestystekijöihin, haasteisiin ja mahdollistajiin. Aluksi ilmiötä tutkittiin toissijaisen tiedon avulla, minkä jälkeen hankittiin empiiristä tietoa monitapaustutkimus-menetelmää käyttäen. Tiedon syvempää analysointia varten toteutettiin viisi semi-strukturoitua haastattelua suomalaisen koulutusviennin ammattilaisille. Työn etenemisen aikana käytettiin with-in-analyysiä, jota seurasi vertaileva cross-case-analyysi. Suomesta Venäjälle suuntautuvan koulutusviennin menestyksen avaintekijät, suurimmat haasteet ja mahdollistajat esiteltiin perustuen vertailevan cross-case-analyysin tuloksiin. Tutkimuksen viimeisessä osassa työn tilaajalle annettiin suosituksia, jotka perustuvat tutkimuksen tuloksiin. Saturaatiopisteen saavuttamisen kehitys kuvattiin ja lopuksi otettiin huomioon tutkimusta rajoittavat tekijät ja soveltuvuus. Tutkimuksen tuloksien avulla työn tilaaja oivalsi Venäjän markkinoille menemiseen liittyviä relevantteja menestystekijöitä, haasteita ja mahdollistajia käyttäen Suomalaisen koulutusviennin tuotteita.		
Avainsanat (asiasanat) Koulutusvienti, Palveluiden vienti, Suomen ja Venäjän välinen kauppa, Koulutusmarkkina, Suomalainen koulutus, Venäjän markkina, Haasteet, Menestystekijät		
Muut tiedot		

Contents

1	Introduction	4
2	Theoretical and knowledge base for the research	7
2.1	The specifics of export of services applied to educational export.....	7
2.2	Globalization of education and Finland as an educational exporter.....	10
2.3	Russia as a trade partner	12
2.4	Russian education strategy	12
2.5	Educational systems and adult education in Finland and Russia	14
2.6	Corporate training in service business sector in St.Petersburg.....	19
3	Research approach and design	23
4	Desk research.....	28
4.1	Financial instruments for companies	28
4.2	Local partners	33
4.3	Threats	35
5	Cases description and within-case analysis	41
5.1	JAMK University of Applied Sciences	43
5.2	EduCluster Finland	46
5.3	MIF Management Institute of Finland.....	48
5.4	PDGE Project Development Group Europe	51
6	Cross-case analysis. Answering the research questions	54
6.1	Key success factors.....	55
6.2	Challenges	58
6.3	Enablers	64
7	Discussion	65
7.1	Recommendations	65
7.2	Achieving the saturation point.....	67
7.3	Limitations and applicability of the study	69
	References	71
	Appendices	77

Appendix 1. Companies providing further occupational training in St.Petersburg	.77
Appendix 2. Fairs and events for corporate training companies in Russia	..... 82
Appendix 3. Interview structure	..... 83
Appendix 4. Notes from the interview with Person 1 JAMK (Matti Hirsilä)	..... 84
Appendix 5. Notes from the interview with Person 2 JAMK (Heikki Pusa)	..... 87
Appendix 6. Notes from the interview with Person 3 ECF (Katja Vuori)	..... 92
Appendix 7. Notes from the interview with Person 4 MIF (Tuija Eloranta)	..... 95
Appendix 8. Notes from the interview with Person 5 PDGE (Päivi Korhonen)	.... 100

Figures

Figure 1. Finnish formal education system (Ministry of Education and Culture of Finland N.d.)	..... 15
Figure 2. Formal education in Russia (Nikolaev, Chugunov 2012)	..... 16
Figure 3. Participation in nonformal education and training, percent of total respondents aged 25-64, reference period: 2007 (Nikolaev, Chugunov 2012)	..... 17
Figure 4. Participation in informal education and training (self-learning), percent of total respondents aged 25-64, reference period: 2007 (Nikolaev, Chugunov 2012)	.... 18
Figure 5. Unemployment rates in 2011 - 2013, % (Russian Federation Federal States Statistics Service N.d.)	..... 20
Figure 6. Economically active population, % of the whole population (Russian Federation Federal States Statistics Service N.d.)	..... 20
Figure 7. Population growth, St.Petersburg vs Russia, 2011-2014 (Russian Federation Federal States Statistics Service N.d.)	..... 21
Figure 8. Sources of financing in lifelong learning in Russia in 2007 (Nikolaev, Chugunov 2012)	..... 32
Figure 9. Average monthly costs for professional education per worker in Russia in 2007 (Nikolaev, Chugunov 2012)	..... 32
Figure 10. The Global Competitiveness Index of Russia, Institutions fragment (The Russia Competitiveness Report 2011)	..... 36
Figure 11. The most problematic factors for doing business in Russia. (The Russia Competitiveness Report 2011)	..... 38
Figure 12. Ruble / Euro ratio September 2012 – September 2014 (European Central Bank 2014)	..... 39
Figure 13. Russians are protesting against sanctions (Lenta.ru 2014)	..... 40

Tables

Table 1. The ideas about key success factor for the education export from Finland to Russia	56
Table 2. The ideas about challenges for the education export from Finland to Russia	59
Table 3. The ideas about enablers for the education export from Finland to Russia ...	64
Table 4. Saturation progress during the interviews.....	68
Table 5. Training companies of St.Petersburg (MottonPik rating agency 2014).....	77
Table 6. Fairs and events for corporate training companies in Russia.....	82

1 Introduction

The topic dealing with the field of education export from Finland to Russia was chosen according to the interest of both the authors in international business and their appreciation of Finnish excellence in education. Irina, a Russian, has been directly involved in the process during her volunteer work as a studying ambassador at JAMK University of Applied Sciences, a founder of a company named Touch Finland, and within a project with a Finnish company specialized on education export, named EduCluster Finland and, finally, during her practical training period in East Consulting. The other author brings the Finnish point of view to the research.

Education export is among the priorities of Finnish Ministry of Education and Culture. According to the action plan of a special working group established in 2013 by The Minister of Education and Science of Finland education export is aimed to be turned into a profitable business and it should also support the development policy and strengthen a positive image of Finland. (International education markets and Finland, 2013)

The study was assigned by The Jyväskylä Institute of Adult Education exploring the way of entering St.Petersburg market of corporate training in the service business sector, particularly in facility and hospitality, cleaning, catering and retail customer services.

The Jyväskylä Institute of Adult Education is a part of the Jyväskylä Educational Consortium, one of the largest institutions - providers of vocational education in Finland, belonging to one of the most successful Finnish education export formation EduCluster, Finland. According to the information provided by the Jyväskylä Institute of Adult Education, it provides skills and competences for about ten thousands students annually. The Institute of Adult Education is a regionally active and nationally significant actor with more than forty years of experience in providing education and services for individuals and organizations. The Jyväskylä Institute of Adult Education has hundred twenty employees; it offers 125 competence-based qualifications; and the number of customer companies and public

organizations is about five hundred. (The website of The Jyväskylä Educational Consortium, 2014)

The educational areas chosen by the Jyväskylä Institute of Adult Education for researching in the Russian market are:

- Service sector (hospitality business, restaurants, cleaning)
- Retail (sales and customer service)

At the moment of doing the present research The Jyväskylä Institute of Adult Education is only operating in Finland.

The study is devoted to the key success factors, possible enablers and main challenges of a Finnish institution entering Russian education market. The research was conducted by applying the desk study of secondary data and the multiple case-study method of Finnish experts working in education or development organizations who hold an expertise in education export. In the core of the case-study research was collecting information with the help of semi-structured interviews. After developing an understanding of successful factors, enablers and challenges of education export in single cases, the authors undertake cross-case analysis to enrich the results, structure the findings and partly compare different views on education export to Russia by the respondents. The interviews were purposed to provide the researchers with practical views and insights of working experts in the field of educational export from Finland to Russia.

The report starts with the theoretical and knowledge base. In this part the authors pay attention to the specifics of exporting services applied to the education export in particular. After that the current trend of education globalization will be dealt with and Finland viewed at as an education exporter. The next part, knowledge base is devoted to a concise description of Russia as a trade partner and a capsule review of the Russian educational strategy. Finally the education systems of Finland and Russia are compared and up-to-date economical situation and the corporate training market field of St.Petersburg are described.

The theoretical and knowledge base is followed by the methodology part. After that desk research outcomes are provided. Desk research is distinguished from the theory base to let the authors to study the area of the research questions before implementing the interviews. It is focused on looking for financial support schemes for corporate training from the Russian government, discovering threats of entering Russian market and reviewing the sector of potential partners and suitable exhibition venues for The Jyväskylä Institute of Adult Education.

Chapter 5, which follows the desk research, is devoted to the single case boundaries, description of the cases and its contexts and providing a reader with a single case-study report for the each case. In the next chapter the authors attempt to answer the research questions implementing cross-case analysis and combining it with the results of the previous desk-study.

Chapter 7, called Discussion, consists of the authors' recommendations to the assignor, based on the study outcomes, reflection on the process of approaching the saturation point, also describing the limitations and applications of the study.

Research problem and questions

The research problem was defined together with the experts from the Jyväskylä Institute of Adult Education. The research questions result from the problem and the design of the research is built upon the research questions and problem. According to Maxwell (1996, 51) research questions have to be precisely framed to point specific areas of theory, but not too focused to avoid tunnel vision. Maxwell (1996, 51-52) also advises to avoid smuggling unexamined assumptions into research questions and to pose questions with enough conceptual and experiential support.

Financial limitations caused by the restrained capacity of the Finnish corporate training market and other reasons declining the financial flows to The Jyväskylä Institute of Adult Education are pushing The Institute to look for new opportunities outside Finland. Russia in general and St.Petersburg in particular looks attractive from the market size and relative proximity points of view. However the paying capabilities of Russians are not so obvious. As well there is a lack of information and expertise on exporting education to Russian

market inside the Institute. It has no education export experience in the past; neither knowledge of the hidden stones of working in Russian education market.

Hence follow research questions:

- What are the enablers (like government support and funding) and challenges involved into an education export process from Finland to Russia?
- From the practical point of view what are the key success factors of education export from Finland to Russia?

The target of the study is to provide the assignor with up-to-date and relevant practical information on the key success factors, enablers and challenges of education export from Finland to Russia to support the process of decision making and entering Russian corporate training market.

In the following chapter the authors present the theoretical and knowledge base, starting from the wide topics and narrowing them down with each subchapter.

2 Theoretical and knowledge base for the research

According to the research structure described above the theoretical study starts with a short observation of the specifics and hidden rocks of export of services.

2.1 The specifics of export of services applied to educational export

The modern developed countries no longer entirely rely on production lines but more and more on service economy. Intangible goods have taken a significant share of world commerce. Services are becoming “more tradable” due to the rapid technological growth, appearing new technologies and the swift development of existing ones. (Reif, Whittle and Thurmond, 1997, 3)

However exporting services has its own specifics, which have to be considered by a company planning going international with service products.

The four modes of the services trade were defined under the WTO General Agreement on Trade in services (GATS: objectives, coverage and disciplines):

- Cross-border supply (1)
- Consumption abroad (2)
- Commercial presence (3)
- Movement of natural persons (4)

Educational export may potentially lie under each of these service modes.

Mode 2 has been the most traditional way to sell the educational services. The mode covers the situation when a student comes to study abroad. Under mode 1, services are supplied into a territory without the presence of the supplier. International distance education falls under this mode. The establishment of foreign campuses is covered by the mode 3. Finally, mode 4 reflects the situation for example when teachers go teaching abroad. (Lim & Saner, 2011)

Reif, Whittle and Thurmond (1997, 5) went further with categorizing the means of exporting services and described the most typical ways for selling services across the borders:

- **International consulting**, which is also termed transient service export occurs when a company or a person from one country provides a service for a foreign customer on a short-term basis.
- **Direct exporting** occurs when the value of a service is embedded in the tangible products associated with this service. Examples of this type of service export include software, books, and pharmaceuticals.
- **Telematic trading** involves means of telecommunication: telephone, electronic mail, the Internet.

- **Royalties and licensing agreements** fees includes payments for the use of patent technologies, copyrights, trademarks, franchises and other intangible rights.
- **Franchising** is a specific way of selling rights to use a brand name, trademark and knowledge of a company.
- **Providing services** for foreign visitors performed and completed in the exporting country. It is very common in travel, health care and education industries.

This list unlike the four service modes defined by GATS does not cover the whole range of the service trade modes but it gives some hints of the service trade forms, which can be surely used for educational export.

Marketing: services versus goods

Reif, Whittle and Thurmond (1997, 19-21) have characterized services through some unique features which can cause problems for marketing.

- **Intangibility:** services cannot be stored, protected through patents, displayed or communicated.
- **Inseparability:** consumer and other consumers are involved in production, centralized mass production of services is difficult.
- **Heterogeneity:** standardization and quality control are difficult to achieve
- **Human intensiveness:** some services are highly human intensive in their delivery and are sold based upon an individual's actions and performances.

These features are also applied to educational services and have to be dealt with whilst exporting education.

The next chapter will deal with the process of educational globalization and Finland as a party in the process.

2.2 Globalization of education and Finland as an educational exporter

The modern world economy is integrating through low-cost information and communication technologies and this integration results into fast transferring from industrial to knowledge economy and education globalization process (Spring, 2009, 3). The knowledge economy is characterized by

- The dependence of economic growth on “the knowledge, information, ideas, skills and health of the workforce”;
- Shift to the majority of “white-collar” labor force rather than “black-collar”;
- The crucial importance of post-secondary education for economic productivity (Spring, 2009, 37).

The main consequence of education globalization is adoption of similar education concept all around the globe (Spring, 2009, 3). Spring (2009, 5) marks out ten components of education globalization. Among which are

- Building and empowering global educational networks (Erasmus, Institute of International Education or Harvard Business School networks as just few examples)
- The adoption by different nations of similar education practices (as an example: nations joining Bologna process)
- Appearance of intergovernmental and nongovernmental organizations that influence national educational practices (World Bank, OECD, UNESCO, UNICEF, others)
- Appearance of multinational corporations that market educational products (TOEFL, CAE, IELTS language tests, PIRLS, TIMSA, PISA tests and others)
- Empowering of global information technology, e-learning and communications (a number of MOOC courses which have appeared during last years can serve as an example)

- Strengthening of the current effect of English as a global language.

Development of education export is among the state priorities for Finland. Government of Finland has created a Finnish education export strategy which includes “improving networking, productisation, quality, and marketing development. Also forming an educational export cluster and activating the higher education institutes as exporters”. The country’s strong education system and worldwide reputation should serve as a base for successful export of Finnish educational know-how (Finnish education export strategy, 2010).

According to Reif, Whittle and Thurmond (1997,8) educational services include public and private educational institutions which provide assistance or instructions, as well as access to libraries and exchange programmes.

The specific of Finland as an education exporter is that the most educational programmes of formal education system are free of charge, which is regulated by the government. Thus institutions have to create other ways of selling their services than just taking fees from foreign students. In case of Finland education export appears for example in forms of:

- Providing physical and virtual solutions for learning environment
- Training for pedagogical personnel
- Corporate vocational training
- Educational clusters and common study programmes with foreign universities

(Source: FutureLearningFinland website).

Finnish education institutions team up into clusters to strengthen their efforts on export. The biggest educational cluster Future Learning Finland is made up under the Finnish governmental organization Finpro. (Virkkänen, 2011) The goal set by the Finnish Ministry of Education and Culture in 2010 was to increase substantially the share of education services in Finnish national export by the year 2015. (Finnish education export strategy, 2010).

2.3 Russia as a trade partner

First of all have to understand Russians to make a business with them and there are no shortcuts to understanding or avoid friction foreseen.

Understanding requires knowledge of Russian history, culture and characteristics (Richmond 2009, 13). Generally speaking culture is associated to limited human-type way of action. These previous mentioned things need to take into account when viewing the size of country. Geographical areas are linked in to cultural changes. Resident people in western part cities react to things differently than in the Urals or Siberia. Creating contacts and opening trade negotiations are crucial, because going further in negotiations depends on how well everything has started. Also maintaining relationship in personal level means a lot when making business in Russia.

International business etiquette beats itself through stronger in Russia day by day. Some of the special features will still remain in a very long time completely unchanged in the Russian business culture. (Stenholm 2009, 95.)

Russia lives in a time of changes at the moment. The economic base, working life, basic safety, culture and manners are changing. Earlier, external influences closed society has opened. People are travelling and free to get influences from all over the world. At the same time there is a need to create own new Russian culture, which does not copy the western one. All of these things are reflected in the business culture also. (Haapaniemi, Moijanen & Muradjan 2003, 11-14.)

Crises affect the Russian and the Western powers relations. The United States and the EU has set economic sanctions to Russia because of East-Ukrainian military actions and conflict in Crimea peninsula 2014. Sanctions will inevitably affect also to Finnish-Russian trade in a negative way. There is a danger that trade relations between Finland and Russia will be damaged more if crisis still prolonged itself.

2.4 Russian education strategy

Russian Federation has signed the Bologna declaration in 2003. Russian education strategy is described at large by the new national programme

“Education development for the years 2013–2020”, adopted in April, 2014. In particular within the programme the following results are planned to achieve:

- improving of the results of Russian school students in common international ratings such as PIRLS, TIMSS, PISA
- meeting the needs of Russian economy in high skilled specialists in the first-priority directions for modernization and technologies development;
- providing opportunities for every citizen of the country to get long-life professional education, further occupational training and retraining;
- increasing the share of educational services provided within cooperation between business and state;
- providing further occupational training to not less than 15 000 engineering specialists till 2015;
- creating and implementing short-term educational programmes of applied qualifications on the basis of educational institutions, making agreement with companies having demand on these specialists.

Thus summarizing the priorities of Russian educational strategy the be distinguished the following directions:

- further integrating of Russian education system into global educational space (adopting globally accepted secondary education assessment tests)
- improving possibilities for life learning and enhancing communication between state education and business parties
- focusing on current gaps between educational supply and economy need (engineers).

Globalization tendency of the education system of the Russian Federation is also proved by active co-operation of Russian Federation with the global organizations for development such as The World Bank and The International Bank for Reconstruction and Development. It is showed for example in joint

Strategy of partnership realized by The Russian Federation in cooperation with the World Bank. One of the four key topics of the Strategy is focused on Russian human potential development.

The project of training workers for social and economic development of Russian regions is currently under preparation phase and promise to become of the most significant in the field of vocational education in the latest years. (Russian workers will be educated with the help of foreign experts, 2014)

2.5 Educational systems and adult education in Finland and Russia

In this chapter the authors will compare the educational systems of Russia and Finland in order to find similarities and differences which could promote or be obstacles to educational export from Finland to Russia.

Figures 1 and 2 show the Finnish and Russian educational systems.

Education system in Finland

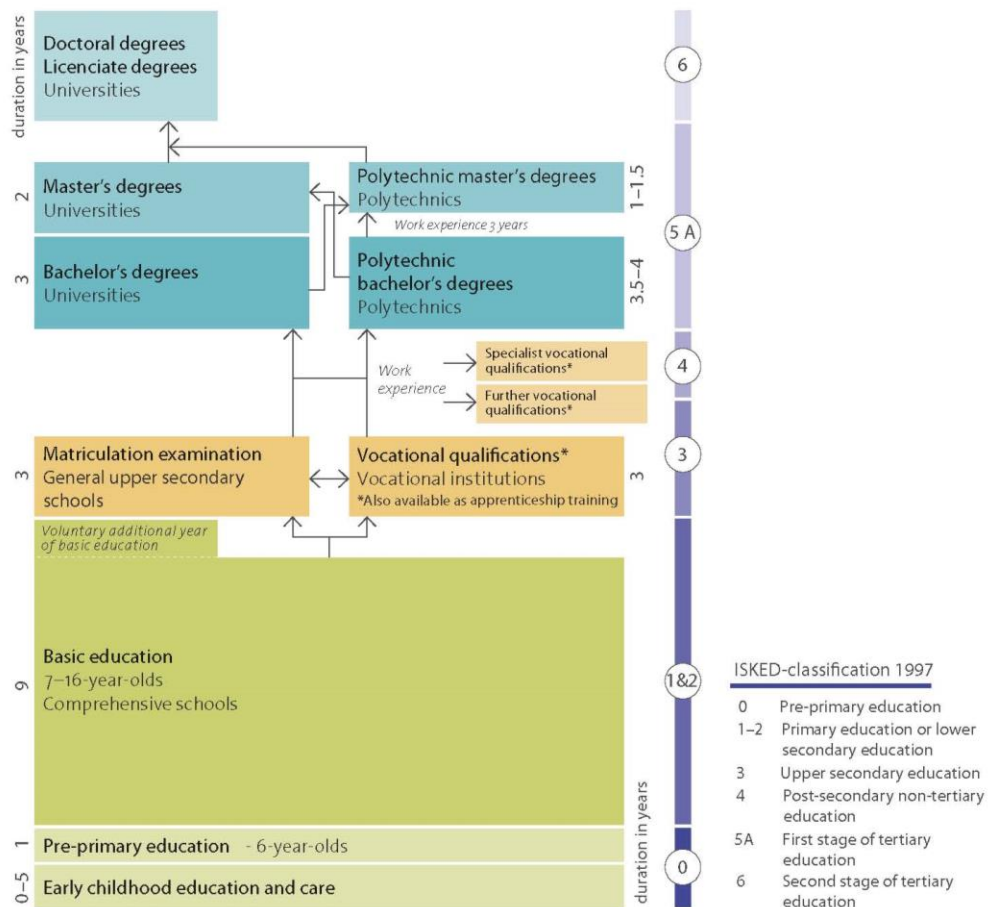


Figure 1. Finnish formal education system (Ministry of Education and Culture of Finland N.d.)

Comparing the figures we can see that the basic education both in Russia and in Finland normally last nine year, after which the students can choose either to get a profession in a vocational school or to finish upper secondary school. For graduates from upper secondary schools higher or vocational education institutions are available. Both in Finland and in Russia higher education is divided into Bachelor's and Master's degrees as both countries have signed the Bologna declaration.

In addition to that a Specialist's degree is in use in some degree programmes in Russia. Doctoral degrees are considered science work in Russia. Hence they are not included in the formal educational system.

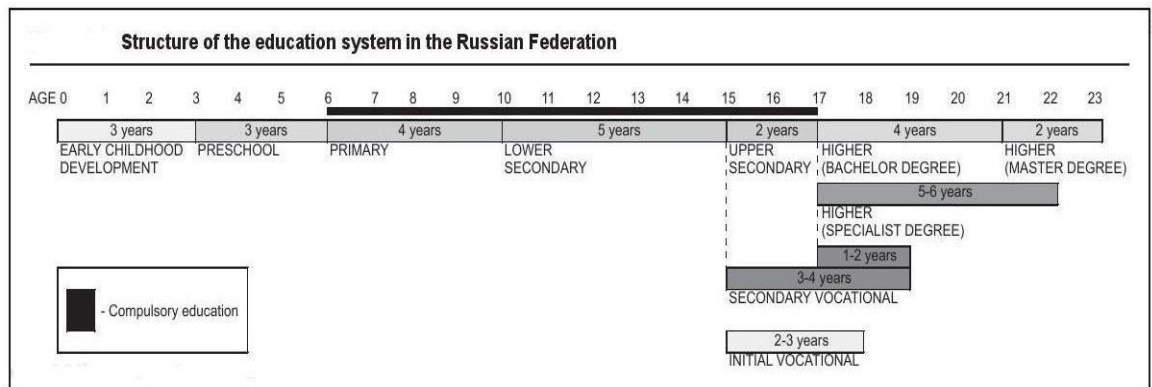


Figure 2. Formal education in Russia (Nikolaev, Chugunov 2012)

In addition the Specialist's degree and Doctoral degrees mentioned above the differences between the two systems are as follows:

- the duration of certain education periods
- the lack of obligatory pre-primary education in Russia and
- no division of higher education institutions in Russia into polytechnics and universities
- working experience is not required in Russia for applying for a Master's degree.

Adult education in Russia and in Finland

In this section the authors observe shortly the approaches to adult education in Finland and Russia.

Adult education in the present study is understood as education of people aged 25-64 beyond the frames of formal education system, shown in Figures 1 and 2. It can be either professional training (the type of education which is targeted to acquiring by the learners knowledge and skills, and forming a competence needed for performing a certain labor and working function) or "additional training" (the type of education which is targeted to comprehensive satisfaction of peoples learning needs in intellectual, spiritual, physical and / or professional enhancement and doesn't result in rising an educational level).

The definitions of professional training and “additional training” are taken from Federal Law about Education in Russian Federation (2013).

The modern concept of “lifelong learning” is often put under the adult education process. “Lifelong Learning” has become a synonym for “Lifelong Earning” and “Lifelong Employability” (Longworth, Davies 1996, 64). However according to previous research by World Bank Russians are far behind European countries in their life learning participation (Nikolaev and Chugunov 2012, 62).

The numeric data shows that adult people in Russia participate in nonformal adult education significantly rarer than in Finland or in the most of other European countries (Figure 3).

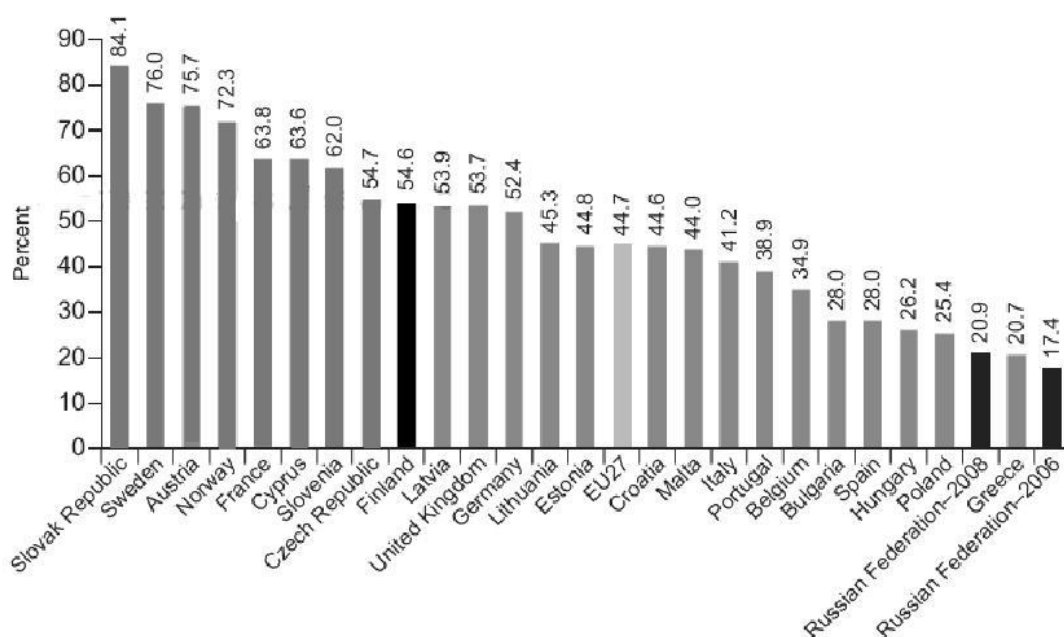


Figure 3. Participation in nonformal education and training, percent of total respondents aged 25-64, reference period: 2007 (Nikolaev, Chugunov 2012)

Nonformal education refers to organized forms of education which are not parts of formal education. Nikolaev and Chugunov (2012, 62) attribute the low share of participating of Russians in the continuous education system to the “lack of intensive technological renovations in many economical segments, which reduces the relevance of educated personnel to the employers”; and “a deficit of educational programs that provide attendees with practical results”.

At the same time self-learning is as well at a very low level among Russians compared to Finland and other European countries. (Figure 4)

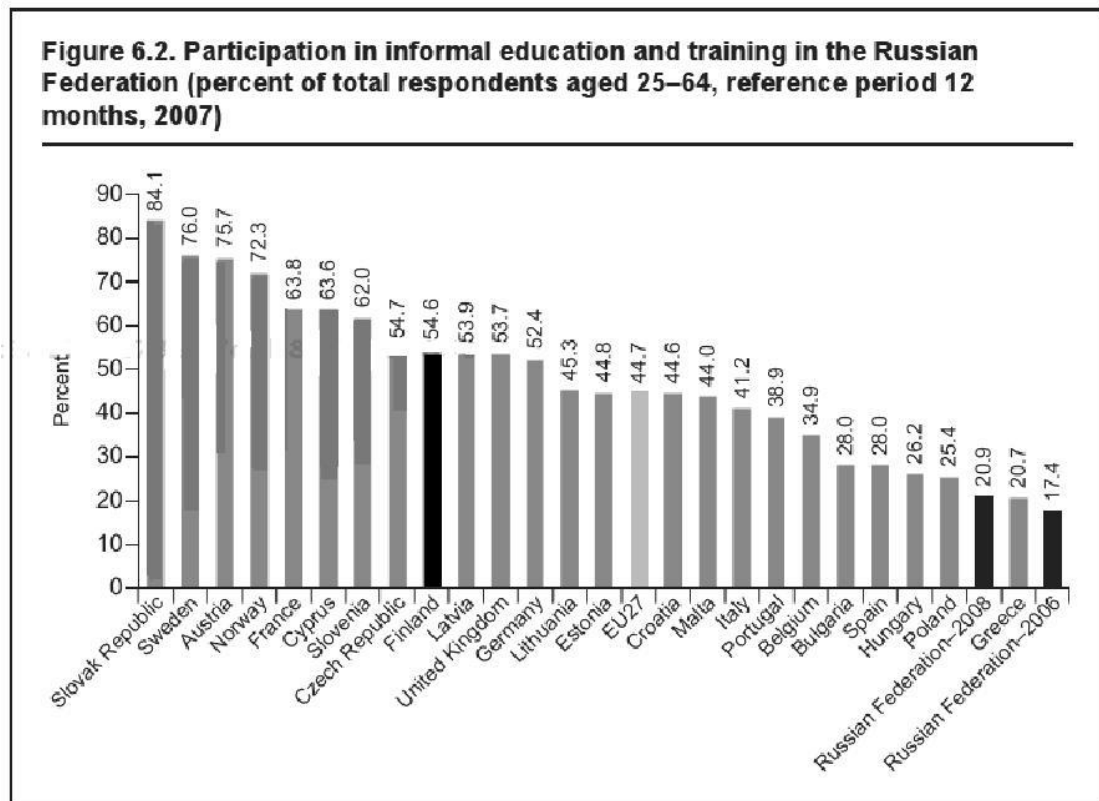


Figure 4. Participation in informal education and training (self-learning), percent of total respondents aged 25–64, reference period: 2007 (Nikolaev, Chugunov 2012)

However Russian authorities have also noticed the lack of educational system supporting life-learning. This resulted into several important initiatives which were undertaken on the federal and local authorities' levels. Such, according to the "Strategy of economic and social development of St.Petersburg till the year of 2030" St.Petersburg is targeted to implement innovative scenario, inter alia ensuring the development of adults education system.

2.6 Corporate training in service business sector in St.Petersburg

Before searching for opportunities and threats the focus market will be described briefly.

St.Peterburg versus Russia, key economic and demographic indexes

St.Petersburg with its 5.1 mln people is the second biggest city by population in Russia and the third biggest in Europe after Moscow and London. Moscow and St.Petersburg are the only cities in Russia which are marked out as separate constituent territories. Inhabitants of the city had an average month salary 25% greater than average in Russia in 2013 (Russian Federation Federal States Statistics Service, 2014). By the summary of financial rates such as income, debts, income structure St.Petersburg is ranked number one among Russian regions. (Bobrovnikov, Tepaev, 2013)

According to the analysis of AG group St.Petersburg belongs to the Top-7 poles of growth in Russia. The research measures regional development in seven areas: markets, institutions, human capital, information and technologies, natural resources, finances and real assets. (AV-Group, 2013)

Gross Regional Product (GRP) of St.Petersburg accounts for 3,6 times as big as average GRP in Russia. GRP per capita in St.Petersburg is 30% greater than average in Russia. (Russian Federation Federal States Statistics Service, 2014)

St.Petersburg can be characterized as a city with a very high employments rate, high concentration of economically active population and high level of inbound working force migration. (Russian Federation Federal States Statistics Service, 2014)

Figure 5, Figure 6 and Figure 7 show the demographic and labor force characteristics of St.Petersburg comparing to average rates in Russia

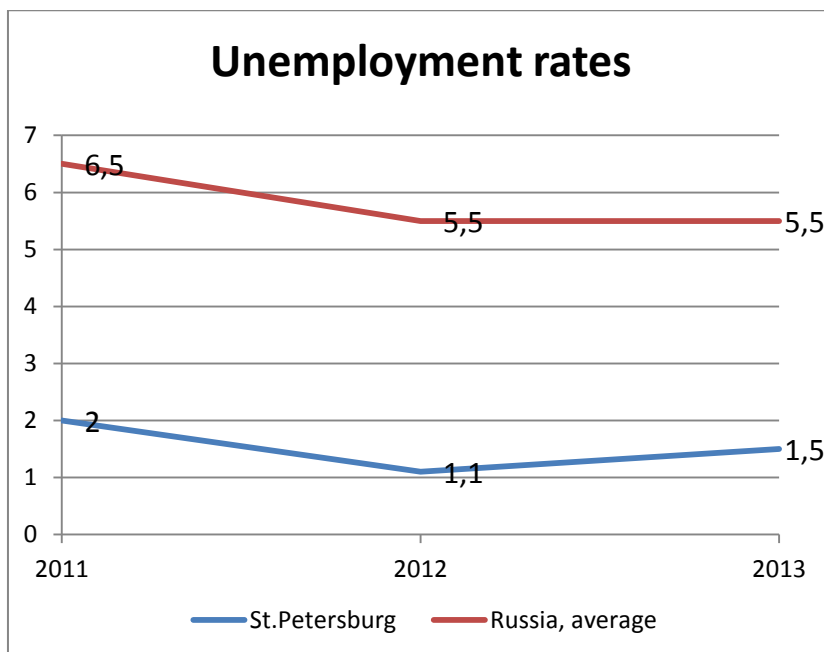


Figure 5. Unemployment rates in 2011 - 2013, % (Russian Federation Federal States Statistics Service N.d.)

Figures 5 and 6 show that St.Petersburg has extremely low unemployment rate and a liberal share of economically active population. These rates are also significantly better than average figures in Russia. Combining the mentioned above indexes with the stable population growth (Figure 7) pictures the city as having a very positive labor market situation.

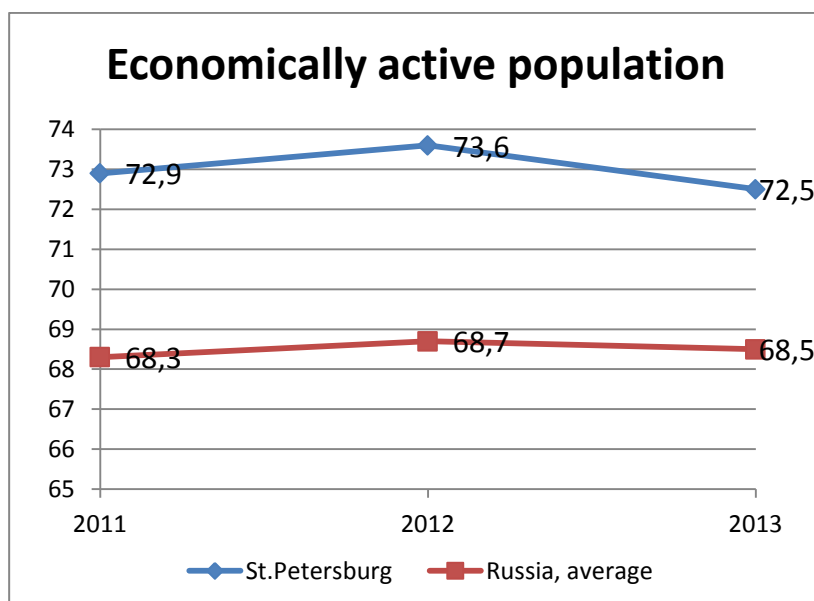


Figure 6. Economically active population, % of the whole population (Russian Federation Federal States Statistics Service N.d.)

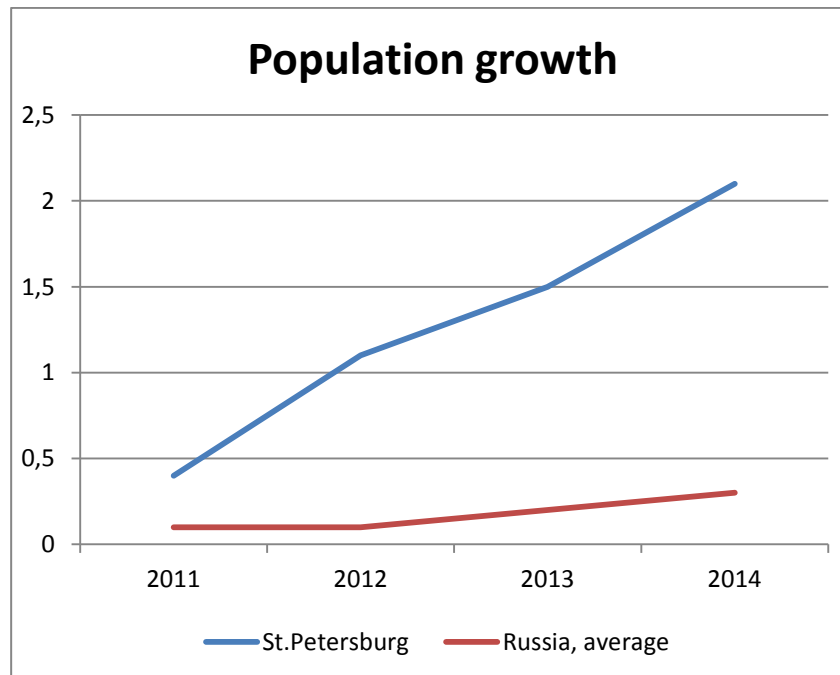


Figure 7. Population growth, St.Petersburg vs Russia, 2011-2014 (Russian Federation Federal States Statistics Service N.d.)

The main factor of the city's population growth is significant inbound migration. According to the analysis made by the government of St.Petersburg (2014) the attractiveness of the city as a place for living, working and studying is rising for the inhabitants of other Russian regions and citizens of other countries from Commonwealth of Independent States. In 2012 the difference between coming and leaving people was 74 thousands, in 2011 this figure was 58 thousands, in 2010 – 37 thousands of people, in 2005 it was 14,5 thousands (Strategy of economic and social development of St.Petersburg till the year of 2030, 2014).

The service business sector in St.Petersburg

St.Petersburg is one of the greatest world culture centers and tourist destinations. And the tourist flow to the city is increasing. In 2012 the amount of incoming tourists has increased by 9% to the previous year and accounted for six millions of tourists, half of which were foreigners. Among other reasons the cancellation of visa regime for the tourists travelling by sea has increased the amount of foreign tourists. This trend gives the sources for growing of the facility and hospitality business sector in St.Petersburg. During the period

2006-2012 the amount of hotels and other residence buildings has grown from 100 to 165. Their simultaneous accommodation capacity accounted for 38,9 thousands of places in 2012. The average strength of employees in hospitality sector in St.Petersburg was 62,5 thousand of people in 2012. (Strategy of economic and social development of St.Petersburg till the year of 2030, 2014)

The other growing economic sector in St.Petersburg is management and facility services for commercial real estate. During 2006-2011 its share in Gross Regional Product has grown from 12,2% to 17%. (Strategy of economic and social development of St.Petersburg till the year of 2030, 2014)

Restaurant and catering business turnover has grown from 15,9 bln. RUB in 2006 to 55,8 bln. RUB in 2012. At the beginning of 2013 in St.Petersburg was 1035 sq.meters of commercial premises per 1000 of inhabitants. (Strategy of economic and social development of St.Petersburg till the year of 2030, 2014)

Professional education and training in St.Petersburg

Currently the professional education field in St.Petersburg is characterized by a wide system of educational institutions of all levels and training areas. It provides variability, accessibility and relatively high quality of education (comparing to average level in Russia). Reinforcement of the field is possible at the expense of investments into education, attraction of the best teachers from the whole Russia and from abroad to the city, support of author's and scientific schools as well as other means, which will create favorable conditions for retaining highly skilled specialists together with their families and make the reserve of human capital for future. (Strategy of economic and social development of St.Petersburg till the year of 2030, 2014)

However according to the research published by the government of St.Petersburg (2014) there are some shortcomings in the city's professional education field:

- Imbalance between the needs of the city and the structure of graduated from professional education specialists. The most popular among applicant's humanities do not correspond to the existing needs of the industries' in technicians and engineers. Experts estimate a

medium-term additional need of St.Petersburg labor market in 50-60 thousands of specialists with vocational education.

- Insufficient efficiency of further occupational training and retraining mechanisms, motivation and attraction of high-skilled workers and interns.
- Inadequate development of professional and public expertise of educational functioning.
- Absence of municipal post-secondary technical training institutions, which would do further occupational training and retraining of specialists for the city's first-priority industries (except "Education" field).
- Lack of attractiveness to study and work in St.Petersburg for foreign students and teachers

The main target of today's professional education field in St.Petersburg is providing continuing training of high-skilled specialists for regional labor market with a glance at the current and future needs of real economy sector and municipality; retention of the status of the biggest center of education and retraining professionals for other Russian regions and foreign countries as a part of the city's export economy. It is essential to reinforce the role of further occupational training, which will mainly define the quality of labor force. (Strategy of economic and social development of St.Petersburg till the year of 2030, 2014)

3 RESEARCH APPROACH AND DESIGN

Research philosophy refers to the way of developing the knowledge and the nature of that knowledge. A paradigm or worldview underlying of the present study is pragmatism. The corporate training market in service business sector of St.Petersburg is objective, but the challenges and success factors of education export are based by the experience and worldviews of the market players. The same phenomena can be interpreted differently. Such economic downturn in Russia exists independently of the respondents' worldviews. But it is seen by some as a barrier for entering the market and as an opportunity to

build relations and trust for future commerce by the others. Same: business tools and observations adopted by one field player will not necessarily be true for another player in the market. Different institutions may have different realities of education export. The researchers are seeking to find those “what” and “how” which works at the time. These views correspond to pragmatism paradigm. (Creswell, 2007, 23)

The present study attempts to describe the factors which are not clear for the assignor and are crucial for decision making. The objective of the research is to provide information to management. The information can be generally taken into use not only by the assignor but also by other institutions interested entering the Russian education or training market. This type of study, which attempt to describe or provide information about a phenomenon, belongs to descriptive research. (Kumar, 1996, 9)

The researchers are seeking to find know-how of the organizations who have had rich positive and negative experience about education export from Finland to Russia. It cannot be measured by quantitative variables as Finland is a relatively young player of education export market. In addition it cannot be put in a line with worldwide known leaders of global education export as it has own specific: Finnish educational institutions in the most cases cannot sell their degrees to individuals due to government restrictions unlike universities from The USA, Australia and Great Britain. Hence the research should involve qualitative rather than quantitative analysis. According to Maxwell (1996,17-18) qualitative research has the following strengths:

- Understanding the meaning (central focus for an interpretive approach);
- Understanding the particular context;
- Identifying unanticipated phenomena – this point is particularly important for the current research as the intent of it is to find new, unanticipated factors which could be taken into use;
- Understanding the process;
- Developing causal explanations.

To explore the phenomenon the authors apply inductive, open-ended strategy.

The research method chosen to answer the questions is a comparative case study. In different methodology literature it is named differently: comparative case study (Ghauri & Gronhaug, 2002, 173), extensive case study (Eriksson, Kovalainen, 2008, 118), collective (Creswell, 2007, 74) or multiple case study (Yin, 2014, 18). Later in the text we will refer to the method as comparative or multiple case study analysis.

Case study research involves a study of a phenomenon explored through one or more cases within a bounded system. (Creswell, 2007, 73) In the present study the phenomena are the success factors and challenges of education export activities. The bounded systems to be explored are Finnish organizations or individuals which have had rich experience of education export. One of the key characteristics of the method is using multiple sources of information (Gillham, 2010, 1-2). The researchers are seeking to compare several cases to get outcomes valuable for the research assignor. The focus of the case study research is not on the entire case, but on specific aspects of the cases (education export experienced challenges and success factors). According to Creswell (2007, 75) and Yin (2014, 53-55) this approach corresponds to an embedded analysis. The authors provide the readers with a brief within-case analysis, which is followed by thematic cross-case analysis.

The study is made in the single time horizon (the current situation), each respondent was interviewed once which equates the cross-sectional study. (Kumar, 1996, 83) All the interviews were taken during two months, which is a short period of time for such a phenomenon as education export which is typically developed during years.

The data collection methods are described in the following chapter.

Collection of data

The data used for the analysis consists of both secondary and primary empirical data. The secondary data was collected through a desk study of open Internet sources, and marketing materials provided by the assignor and commercial reports prepared for the Jyväskylä Institute of Adult Education by a consulting agency. The access to the reports was gained by one of the

authors during her practical training period. The reports themselves are under the non-disclosure agreement. However the authors have agreed with the assignor and the agency on the possibility of using some outputs from the reports.

Internet sources used for collecting primary data included government and semi-government publications, web-pages of Finnish companies, involved into education export, mass-media and social networks discussions.

The primary data was collected via one-to-one personal or telephone semi-structured interviews of experts of Finnish educational export. For the interviews were chosen Finnish education export experts currently working in the educational institutions or development organizations preferably with more than five years of experience of exporting education from Finland to Russia. The practical experience of this type of experts appeared to be the most applicable and valuable for the purpose of the research.

The choice of the cases (respondents) has been done based on the replication logic described by Yin (2014, 57-59). According to this logic some of the cases should be selected to provide similar result (predicted) and the other selected cases predict contrasting result but for anticipated reasons. (Yin, 2014, 57) For the purpose of the current research the authors have chosen as cases the following Finnish educational experts:

1. Head of Global Business Management Department, JAMK University of Applied Sciences (Further – Person 1 JAMK)
2. Project Manager, JAMK University of Applied Sciences (Further Person 2 JAMK)
3. Client Relations Manager, EduCluster Finland (Further – Person 3 ECF)
4. Head of Russia Operations, Management Institute of Finland (Further – Person 4 MIF)
5. CEO and founder of Project Development Group Europe (Further – Person 5 PDGE)

Persons 1 and 2 JAMK, as well as Person 4 MIF and Person 5 PDGE are Finnish educational experts currently representing formal or informal education system of Finland. All the four have an extensive experience of working with Russia within educational cooperation or educational export projects. The respondent's number one and two were expected to give quite similar answers as employees of an educational institution which belongs to the formal education system, hence regulated and financed mainly by the government of Finland. Person 4 MIF is an employee of an adult education institution. Person 4 MIF is out of the formal education system which is not regulated neither financed by the government. Person 5 PDGE is an entrepreneur and is involved in the private sector of adults training and organizations' consulting business similar to Person 4 MIF. The authors have expected a bit different perspective on education export from Person 4 MIF and Person 5 PDGE comparing to Persons 1 and 2 JAMK, but still in line with the answers of JAMK's experts on Russia. The main outcomes expected from this group of experts were practical insights and know-how on education export to Russia. Person 3 ECF is outstanding from this group on the following reasons: she has no straight experience of commercial education projects with Russia, but education export from Finland is the main purpose of her professional activities. A more general view on education export has been expected from Person 3 ECF. Also getting some insights on the professional education export activities were anticipated.

The structure for the interview was partly pre-defined by the authors beforehand, however leaving the room for specifying or asking additional questions during the interviews and editing the leading questions from one interview to another. All the interviews were audio-recorded to allow farther in-depth analysis of the data. The pre-defined structure of the interviews which consists of open-ended questions and themes to discuss is provided in Appendix 3. For the interviews were used open-ended questions. The following specific features of open-ended questions (Kumar, 1996, 118) were taken into account:

- Open-ended questions are designed for getting in-depth information. On the other hand, analysis of the answers is more difficult and often involves content analysis to classify the data.

- Open-ended questions virtually eliminate the investigator bias in a survey form, however giving a greater chance of interviewer bias.

To eliminate the possible interviewer bias we provide the respondents with the opportunity to answer freely, not interrupting them or giving ready-made answers.

4 DESK RESEARCH

The desk research is targeted to provide the views on the research questions from the different angles and prepare the authors for the case study implementing. Studying the secondary data the authors are looking first for the enablers of entering the market of corporate business training in St.Petersburg such as available financial instruments for companies or potential local partners. Then possible challenges of penetrating the market which do not depend on the context or organization are studied. Below the authors have described their findings from the area of companies financial burden reduction, possibilities of creating strategic alliances with the local field players and potential threats for entering the today Russian market of corporate training.

4.1 Financial instruments for companies

The analysis of the financial instruments available in Russia for companies which are paying for corporate education showed that there are no preferences for buying personnel training from abroad rather than from a provider located in Russia. On the other hand, there is no discrimination of foreign educational institutions and Russian companies have equal financial instruments for decreasing their expenses from the training in both foreign or Russian institutions. These statements are valid for the Jyväskylä Institute of Adult Education targeted groups of the personnel.

The researched financial instruments are available in the fields of:

- government support: special programmes and grants
- corporate taxation

- corporate practices of education spending's compensation at the expense of the personnel

Grants and government support

According to the Strategy of economic and social development of St.Petersburg till the year of 2030 (2014) adult education support and forming of support system for life learning process, including support for corporate programmes of personnel training and retraining, is among the government priorities. However at the moment there is no financial support available for front-in, service and middle management personnel. The exception is corporate tax deduction which will be described in the next paragraph.

However there is an available government supported programme which slightly intersects with the training offered by the Jyväskylä Institute of Adult Education but the institute cannot benefit from it as according to the terms of the programme only Russian higher educational institutions can participate as educational providers. The initiative is The Presidential program of training of young managers which has been working already since 1997. According to the information on the official website of the programme (2014): high and medium level managers of Russian companies (private, public and state) preferably under 40 years old who already have higher education can be chosen to participate in The Presidential program. The training in Russian educational institutions within the state plan is conducted through three types of educational programs:

- Project-oriented educational programs (type A – advanced) which covers professional retraining on “Economic and management” competence (general volume of education is 550 academic hours);
- Basic educational programs (type B – basic) which covers professional retraining of specialists in one direction of “Economic and management” specialities: management, marketing (general volume of education is 550 academic hours);
- Educational training programs (type Q – qualification) which covers specialists’ training according to educational programs “Enterprise development” or “Management in sphere of innovations” with an

orientation on the development of manager's competence in the creation or development of small and medium sized businesses, including innovative sectors in economy (the general volume of education is 120 academic hours).

(The official website of The Presidential program of preparation of the Russian enterprises of national economy young managers N.d)

The education within the programme is financed by the federal funds (33 percent of the general cost), the regional budget (33 percent of the general cost) and the employer (34 percent of the general cost).

Taxation

According to Article 264 of The Tax Code of Russian Federation company's expenses on personnel corporate training can be deducted from the company's tax base. The required conditions for decreasing the tax base are listed below:

- Training is made on the basic or additional professional education programmes;
- Training is made based on the agreement (contract) between a company and an education provider;
- An education provider is a Russian company which has a license for this particular educational activities OR
- An education provider is a foreign educational institution having an appropriate / corresponding status.

Source: The Tax Code of Russian Federation, Article 264, part 3.

The other legislation act related to the personnel training costs is Federal Law № 212-FZ About insurance contributions to Pension Fund of Russian Federation, Federal fund of obligatory medical insurance and territory funds of obligatory medical insurance. According to Article 9 of the law personnel training costs are not subject to insurance contributions. The only limitation of the law is that the training is done on the basic or additional programmes in accordance with state standards and requirements. (Article 9 of Federal Law № 212-FZ, "Practical accounting" magazine, 2012).

From the employee's point of view it is very advantageous situation when a company-employer compensates his or her training expenses not only because of getting an additional value in the labor market on the account of the employer but also getting real financial benefit on the income tax deductions for the sums paid for his/her education. ("Practical accounting" magazine, 2012).

Compensation of company's education spending's at the expense of its personnel

Having low or no possibilities to get financial support from the government from one hand and high need in personnel training from the other hand companies create their own mechanisms of training expenses compensation at the account of the personnel. (Discussions on corporate training in LinkedIn group "HR-directors community", 2014). Such mechanism can be making agreements with newly recruited personnel to work for company a certain amount of time, if this condition is violated by the employee then he or she has to compensate the fully or partly the company's spending for his or her primary training. (Discussion "Why people trained on the account of a company leave?" by Dinara Ismukhanova in LinkedIn group "HR-directors community", 2014) The other possibility is to tie the need of the compensation to the employee's working results which can be for example Key Performance Indicators (Discussion "Personnel training – compensation possibilities" by Irina Starovoytova in LinkedIn group "HR-directors community", 2014).

However this mechanism could possibly work for the benefit of the Jyväskylä Institute of Adult Education in case that employees will value their education more than any other education provided on the market. This is a question on reputation and marketing.

Summary

The overall picture of financing professional training can be seen from the Figure 8. The most significant state support appears for the qualification upgrade (presidential programme) and for learning new profession courses (via unemployment office).

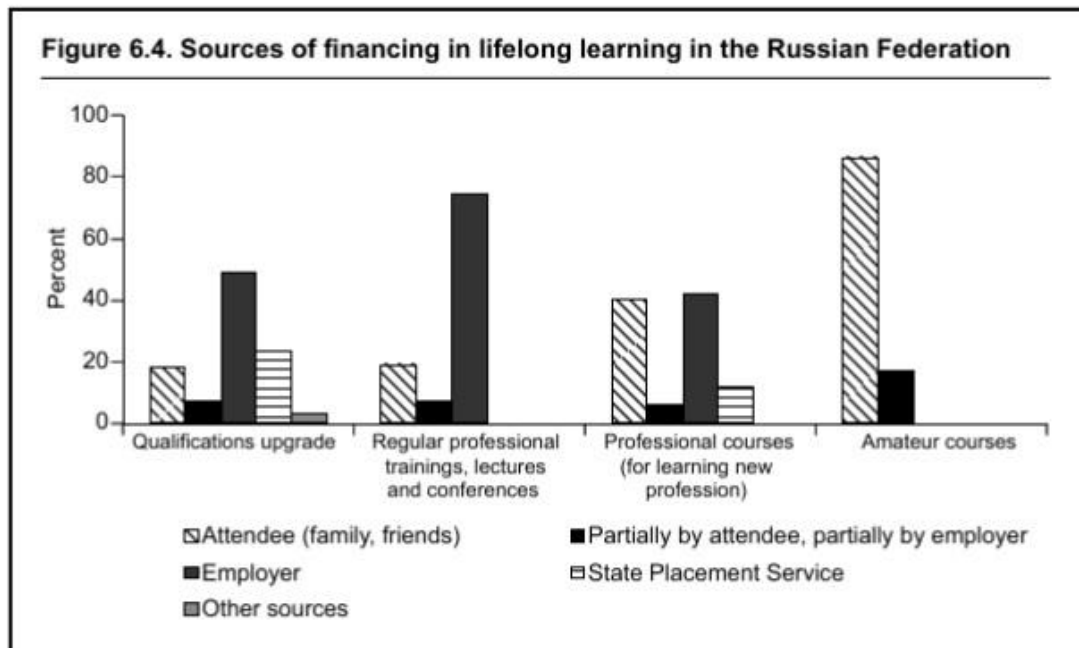


Figure 8. Sources of financing in lifelong learning in Russia in 2007 (Nikolaev, Chugunov 2012)

According to calculations made by Nikolaev and Chugunov (2012, 66) based on the data of Central Bank of the Russian Federations the average spending on personnel training depends on the company's size and is times greater in bigger enterprises rather than in small companies (Figure 9)

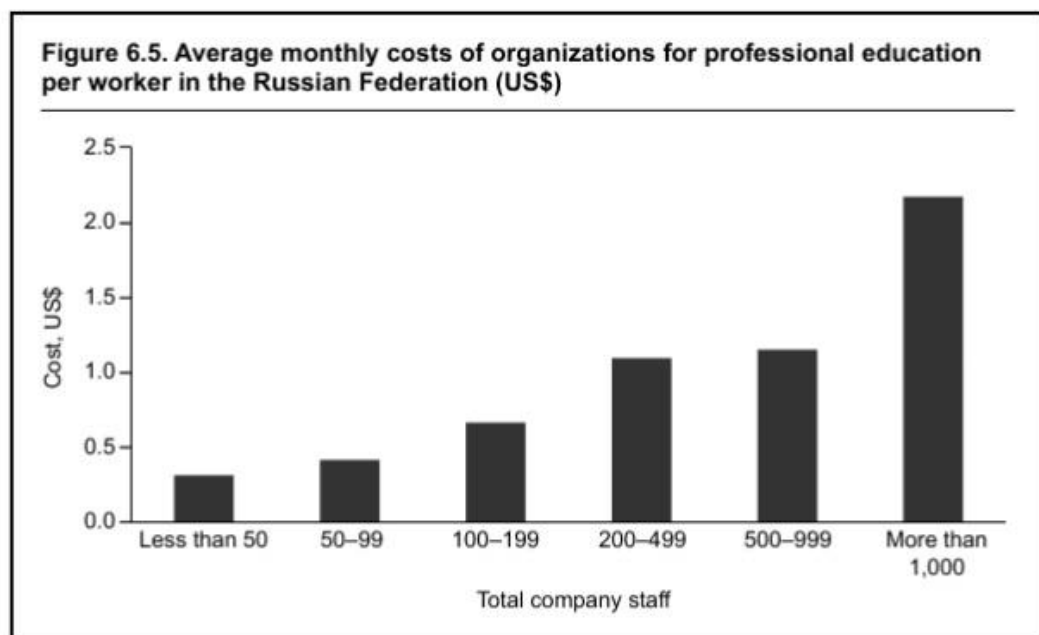


Figure 9. Average monthly costs for professional education per worker in Russia in 2007 (Nikolaev, Chugunov 2012)

Summarizing the opportunity of using financial instruments for companies the authors make a conclusion that there are no significant benefits for potential customers in buying educational services from abroad in general and from the Jyväskylä Institute of Adult Education in particular rather than from local providers from the financial compensations point of view. However there are no privileges for Russian institutions either in this area, if not to take into account The Presidential program of preparation of the Russian enterprises of national economy young managers which concerns very narrow layer of the personnel. Bigger companies look more attractive for selling educational services as they have greater budgets for corporate training and spent at least five times as much money per worker in 2007 than the smallest companies.

4.2 Local partners

According to Kotler and Keller (2012, 106) strategic alliance with domestic or multinational company is a way to complement or enhance company's capabilities and resources.

Doing educational activities in Russia requires obtaining a special license (Federal Law №99-FZ, 2013). Forming joint venture or getting other kinds of partnership or alliances will allow meeting local requirements.

According to Kotler and Keller (2012, 107) the most common types of alliances are:

- Product or service alliances: one company licenses another company to produce its product or two companies jointly market their complementary products
- Promotional alliances: one company agrees to do promotion for another company (for example consulting or audit company who makes the personnel assessment can promote training company)
- Logistic alliances: offering logistics services
- Pricing collaboration: one or more companies join the pricing collaboration and set special prices for each other's customers.

Keeping in mind that wrong partners can cause many problems, the company should put thoughts into finding right partners who will complement their strengths and compensate their weaknesses. (Kotler & Keller, 2012, 107)

The strengths of The Jyväskylä Institute of Adult Education, which could favor to alliances establishment:

- Long history, financial stability (no or very low bankruptcy risk), good reputation on the Finnish corporate training market;
- Belonging to the Finnish education system which was acknowledged globally as the best or one of the best in the world;
- Location in the nearest abroad for the North-West region of Russia - it might be attractive for the companies looking for internationally acknowledged education for the personnel.

However there are also weaknesses to be potentially offset by the partner:

- Having no license for working in education field in Russia. It might be time and money consuming to get the license while having no experience of working in Russia;
- Having no or low awareness among potential customers in Russia;
- Having no business networks in Russian corporate training market;
- Challenging location for selling the services – no representation in the market.

The list of companies who were noticeable and have achieved good reputation in corporate training market of St.Petersburg according to the version of Motton Pik rating agency is given in Appendix 1.

The platform for searching for the potential partners could be for example a fair or an event for corporate training companies and their customers who buy these services in Russia. The list of specialized events is provided in the Appendix 2.

4.3 Threats

Thinking about the possible threats to entering the Russian market of corporate training in the service business sector, the authors have looked into the national risks which have been associated with Russia for decades (political risks, legislative and administrative barriers) with new, recently appeared national issues (patriotism) and, finally, factors which relate particularly to the educational activities in St.Petersburg (laws and government resolutions in the education field; points of Strategy in the economic and social development of St.Petersburg, related to corporate training).

The threats were chosen based on the analysis of Russian and foreign online media (BBC, Helsinki Times, Lenta.ru, Gazeta.ru, RUFABULA), the authors' own observations of discussions on the Russian speaking social media, such as VKontakte, Facebook and LiveJournal, latest law-drafts by the Russian State Duma, as well as globally measured indexes: Competitiveness, World Press, Corruption Perception and Rule of Law Indexes of Russia. For the sake of keeping the practical applicability of the study the authors have studied and described briefly the main outcomes from the laws and government resolutions on the educational activities in Russia.

Political risks

Traditionally in Russia, as in a country with low democratic values (state dependant media, high level of corruption and the dominance of one person as the political leader of the country for 14 years (World Press Freedom Index 2014, Corruption Perception Index 2013, BBC country's profile N.d.) politics and politicians play an exceedingly greater role in business. Current global tensions around civil war in Ukraine and the role of Russia in it, also the annexation of Crime peninsula by Russian Federation cannot be left away. The series of sanctions against a number of Russian high-rang politicians and companies which were taken under the command of the USA should also be taken into account. The Russian response to the sanctions was simple but overwhelming: an import embargo for a number of products from countries who supported the sanctions made the world to talk about the second Cold War (Helsinki Times, 28.08.2014, 3.09.2014, 5.09.2014).

Taking into account the issues and global factors mentioned above the authors consider the political situation as a threat to starting new business relations with Russia.

Legislation

The Russian legislation system appears to be

- inefficient (see points 1.10, 1.11 of Figure 10);
- not protecting well property and intellectual property rights (points 1.01, 1.02 of Figure 10);
- dependent on and favoring the authorities (points 1.06, 1.07 of Figure 10).

Also considering unreliability of the police (point 1.16 of Figure 10) and high level of organized crime (point 1.15 of Figure 10) the legislation system has to be seen as a threat to doing business in Russia.

Russian Federation

The Global Competitiveness Index in detail							■ Competitive advantage ■ Competitive disadvantage	
INDICATOR, UNITS	Russian Federation		Trend 2005–11	Best performer				
	RANK/139	SCORE		OECD SCORE	BIC† SCORE	ECONOMY SCORE		
Global Competitiveness Index 2010–2011	63	4.2	↗	4.9	4.5	5.6	Switzerland	
Basic requirements	65	4.5	↗	5.3	4.6	6.1	Hong Kong SAR	
Efficiency enhancers	53	4.2	↗	4.8	4.5	5.5	Singapore	
Innovation and sophistication factors	80	3.4	↘	4.6	4.0	5.7	Japan	
1st pillar: Institutions	118	3.2	↗	4.9	4.0	6.1	Singapore	
1.01 Property rights*	128	2.9	↘	5.4	4.6	6.4	Switzerland	
1.02 Intellectual property protection*	119	2.6	↗	4.9	3.5	6.2	Sweden	
1.03 Diversion of public funds*	109	2.6	↘	4.8	3.1	6.6	New Zealand	
1.04 Public trust of politicians*	69	2.9	↗	3.6	2.8	6.4	Singapore	
1.05 Irregular payments and bribes*	111	3.2	n/a	5.5	3.9	6.7	New Zealand	
1.06 Judicial independence*	115	2.7	↗	5.2	4.1	6.8	New Zealand	
1.07 Favoritism in decisions of government officials*	106	2.6	↗	3.9	3.2	6.0	Sweden	
1.08 Wastefulness of government spending*	82	3.1	↗	3.6	3.1	6.1	Singapore	
1.09 Burden of government regulation*	128	2.5	↗	3.2	3.0	5.5	Singapore	
1.10 Efficiency of legal sys. in settling disputes*	114	2.9	n/a	4.4	3.9	6.3	Singapore	
1.11 Efficiency of legal sys. in challenging regs*	115	2.8	n/a	4.3	3.9	5.8	Sweden	
1.12 Transparency of government policymaking*	105	3.8	↗	4.9	4.5	6.3	Singapore	
1.13 Business costs of terrorism*	93	5.3	↗	5.9	5.5	6.8	Uruguay	
1.14 Business costs of crime and violence*	90	4.5	↗	5.4	4.5	6.6	Syria	
1.15 Organized crime*	112	4.3	↗	5.8	4.8	6.9	Rwanda	
1.16 Reliability of police services*	128	2.7	↘	5.4	4.3	6.6	Finland	
1.17 Ethical behavior of firms*	112	3.3	↗	5.3	3.9	6.8	Sweden	
1.18 Strength of auditing and reporting standards*	116	3.8	↗	5.3	4.9	6.4	South Africa	
1.19 Efficacy of corporate boards*	113	4.1	↘	4.9	4.5	5.9	Sweden	
1.20 Protection of minority shareholders' interests*	132	3.2	↗	4.7	4.4	6.0	Sweden	
1.21 Strength of investor protection, index 0–10 (best)	77	5.0	n/a	5.9	5.4	9.7	New Zealand	

Figure 10. The Global Competitiveness Index of Russia, Institutions fragment (The Russia Competitiveness Report 2011)

The other threat related to a legislation system is that it might become costly, complicated, time consuming and not profitable as a result from following all the regulations set by the Russian jurisdiction.

Consequently, according to the Federal law N99-FZ (Article 1, Clause 4, Item 3) the training/education providers working in Russia have to obtain a special license. The regulations of licensing of an educational activity are set in the Federal law N273-FZ (Article 91). And the practical procedures of licensing educational activities are described in the Russian Federation Government Resolution N966 “On the licensing of educational activities”. The procedure of licensing is complicated, time consuming and might appear making any operations in this sector worthless if the final costs of obtaining the license are exceeding the financial limitations of the Institute.

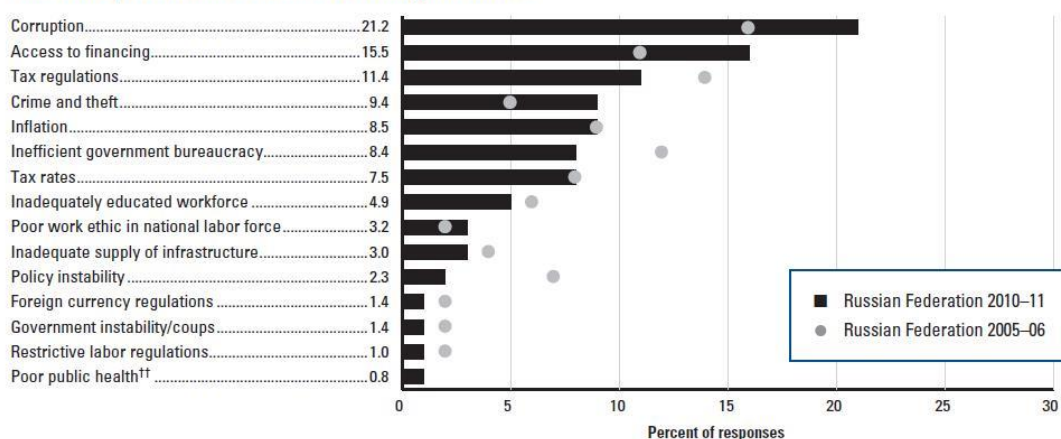
The other regulations described in the Strategy of the economic and social development of St.Petersburg till the year of 2030 may come in the nearest future. According to the Strategy a unified citywide system of professional qualifications certification should be established in St.Petersburg. The system should include the educational and qualifical standards in various professions.

These future standards might not correspond to the standards adopted by the Jyväskylä Institute of Adult Education and might make the professional training programmes of the Institute not applicable in the St.Petersburg service sector.

Administrative barriers

Corruption is traditionally associated with doing business in Russia and proved to be of a high level by the Competitiveness, Corruption Perception and Rule of Law Indexes.

The most problematic factors for doing business



Notes: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.
 † Average of Brazil, India, and China. †† This factor was not considered in 2005-06 edition.

Figure 11. The most problematic factors for doing business in Russia. (The Russia Competitiveness Report 2011)

Figure 11 shows that corruption is considered the most problematic factor for doing business in Russia, and it has grown in 2011 compared to year 2005. Inefficient government bureaucracy comes the next issue which could relate to the case of the Jyväskylä Institute of Adult Education the most. But good news about it that compared to years 2005-2006 it decreased in 2010-2011.

Currency risks

Currency risks relate to the existing trend of The Russian Ruble weakening versus the Euro (Figure 12). As a result prices in Euro have become less competitive for Russian companies getting their revenue with the Ruble as the currency.

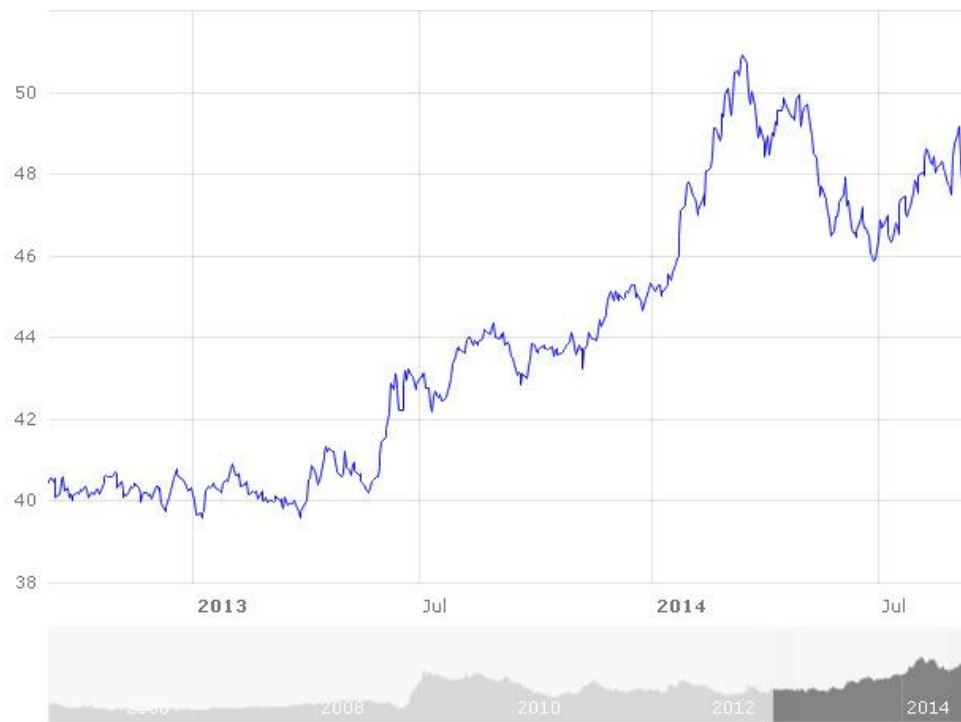


Figure 12. Ruble / Euro ratio September 2012 – September 2014 (European Central Bank 2014)

Hence a company planning into the Russian market has to consider the current and future currency rates to make sure of keeping the prices competitive. In case the trend will continue the price competition will be won by local training providers or companies who are not tied to the currency growing versus Ruble.

Patriotism

A new kind of threat to international relations appeared in Russia during years 2013-2014. The political crisis in the neighboring Ukraine in winter 2013-2014, which has resulted in a revolutionary power replacement with the following civil war in Ukraine, and the Crimean peninsula expropriation in favor of the Russian Federation has had a great influence on the Russians. These events combined with the heavy information attack of the Russian mass media made many Russians proud of their country and government as they felt belonging to a strong nation, seeing their president as a globally recognized authority (RBC, 13.08.2014). The sanctions against Russian politicians and major businessmen by the USA, which were supported by other strong parties made many Russians feel personally insulted (Figure 13)



Figure 13. Russians are protesting against sanctions (Lenta.ru 2014)

The following response of Russian government in the form of some agricultural products import embargo from these countries was taken by many people with enthusiasm and gloating delight (Discussions in Vkontakte, LiveJournal and Facebook 2014).

The “patriotic” trends are also reflected in lawmaking, The State Duma activities and in a routine work of a number of state organizations in Russia. Below are examples of “patriotically”-oriented law-drafts and initiatives:

- A bill forbidding the use of foreign words in Russian speech (The State Duma of Russian Federation, 06.2014)
- A bill forbidding the adoption of Russian children without parents by foreign citizens (The State Duma of Russian Federation, 12.2013)
- A bill suggesting that news media receiving funding from abroad would be treated as “foreign agents” (The State Duma of Russian Federation, 12.2013)

- An initiative of The Federation Council about taking fees from those Russian tourists who want to go abroad (Rufabula news, 08.2014)
- An initiative of The Federation Council about forbidding the use of foreign medicines in Russia (Gazeta.ru, 08.2014)

The conclusions about the growing patriotic feeling among Russians are also drawn based on the authors' personal observations of Russian speaking social media and from personal conversations with Russians.

In the authors' opinions this growing patriotic mood can also influence the success of educational export to Russia.

5 CASES DESCRIPTION AND WITHIN-CASE ANALYSIS

Although the education export activities are normally associated with an organization rather than an individual, we have chosen individuals as the cases for the research. The reasons for this choice are the following:

- The need of understanding the phenomenon of education export from Finland to Russia through the perspectives of those who have enacted it (Simons, 2009, 69)
- Education export is a relatively new phenomenon for Finland with very few distinct transportable education services or products identified. (Kumpulainen, 2011, 3) Those individuals, who have started from the beginning of positioning Finnish education expertise as a product on the global market eight-ten years ago, have gained more knowledge and expertise than organizations in general. (from the interview with Vuori K, manager of client relations in EduCluster Finland)
- Education or development experts involved into the education export from Finland to Russia are the carriers of valuable and unique knowledge of the field, which hardly has been described in details in the open sources.

However the individuals were chosen because they work for certain organizations and occupy positions which allow them to be involved into education export activities from Finland to Russia. Hence the organizations are important for the research as they form the environment, define the products and directions of export work for the experts. In other words the organizations compile the contexts for the cases. The elements of the context which define the case might be for example:

- Educational or non-educational organization
- If the organization is educational – what level of education it provides (higher, vocational, basic)?
- Private or state financed organization
- Was the organization born to be international or did it first work for the Finnish market only and then spread abroad?

The respondents' expertise and knowledge about education export is the phenomenon which is under the research. Hence we are not targeting to study all the knowledge related to the professional activities of the interviewees, neither are we striving to describe whole organization's activities in education export, as this would complicate the study and would hardly help us to answer the research questions. Implementing embedded multiple case study analysis (Yin, 2014, 54-58) we are studying a single component of experts' professional experience – expertise gained for the education export operations from Finland to Russia. Although Yin (2014, 55-56) warns the researches from shifting the target of the study to the context side, giving an example of studying entirely the employees rather than complementing the study with the focus on an organizational level, we believe that for the purpose of the current research the individual case approach will work the best.

Every respondent was recommended for an interview by at least one Finnish education expert involved into the export from Finland to Russia or by the research assignor. The only exception among the respondents who has not gained reach experience of exporting education from Finland to Russia is Person 3 ECF, Manager of clients relations in EduCluster Finland.

Below can be found brief descriptions of the cases: organizations giving the contexts for the cases and Finnish educational experts playing the role of individual cases. Descriptions include the interviews summaries, which are structured in a similar way to ease the following cross-case analysis.

5.1 JAMK University of Applied Sciences

JAMK University of Applied Sciences (JAMK) is an international higher education institution located in Jyväskylä, Central Finland. According to the information of the official website it holds expertise in 8 different fields of study. As it is stated on the website, JAMK is a “global partner whether you want to develop individuals in your organization or an entire education system. Furthermore, JAMK is an excellent partner in academic staff and student mobility.” The excellence of mobility and international expertise is ensured by a wide network of partners: more than 300 in 50 countries of Europe, Latin and North America, Asia, Australia and Africa. At JAMK University of Applied Sciences, internationalisation is part of all operations. Internationalisation has been made one of the three targets of JAMK’s strategy in line with learning quality and entrepreneurship. JAMK strives to be “the best university of applied sciences in Finland at making its operating environment more international.” The recognition of the university’s efforts for internationality came in 2013 in a form of the award the EU’s 2013 Erasmus Award for Excellence. According to the website of the university, “for JAMK, internationalisation means hundreds of partners around the world, foreign students and staff members, active student and staff mobility and numerous international projects.” Key directions of international operations are education, research and development and innovation activities. The operations are performed together with other institutes of higher education and companies within international projects, networks and double degrees. An operating environment that strongly supports internationalization also attracts foreign students and staff. JAMK’s Summer Schools annually gather together both Finnish and international students. There are both Bachelor and Master degrees which are taught entirely in English.

According to official information from the university’s website JAMK’s education export has achieved success on several continents. This includes the success of the School of Health and Social Studies in China, teacher

education in Kosovo by the Teacher Education of JAMK, as well as health education exports to Kazakhstan together with the Federation of Universities of Applied Sciences. JAMK and HAMK, Lahti and Laurea Universities of Applied Sciences have formed a strategic alliance and have been co-operating in education exports to Kazakhstan since October 2012.

There are 8500 students and about 700 staff members in JAMK. Every year JAMK attracts 350 international degree and 400 exchange students.

Head of Department, Global Business Management (Person 1 JAMK)

According to the LinkedIn profile of Person 1 JAMK he has been working as a head of Global Business Management department in JAMK University of Applied Sciences since the year 2003 – over eleven years for the time of the current study. Apart from the other aspects of work as a Head of Department of the University Person 1 JAMK has made an essential input to the success of the School of business in exporting education and training to Russia already over ten years. One of the significant customers of the School training services from Russia is regional government authorities.

Interview with Person 1 JAMK

The interview with Person 1 JAMK was the first interview for the study and took place in September 2014, in JAMK University of Applied Sciences. The brief observation on the interview themes are given below.

Person 1 JAMK highlights the importance of personal relations and building trust. According to his over ten years experience of cooperation in education field with Russians any business is done based on good relations. Having a good product is required but if there is no relations and trust it doesn't help to make a deal.

The next what comes in addition of building trust and relations with customers is keeping the relations alive. It means that one has to invest his time into contacting (giving calls, sending emails or might be also paying a visit) potential customers even if there is no current projects or a business perspective is not observed at the moment.

Person 1 JAMK emphasizes that the processes can take longer time that it might be expected by a Finnish side. Fast deals are challenging due to the

specifics of doing business in Russia: built on relations and slow decision making process.

Person 1 JAMK has no experience related to corruption in Russia, neither Russian bureaucracy appears overloaded to him. According to Person 1 JAMK switching from cooperation projects to business deals was might be one of the most challenging parts of the process. It also appeared to be very hard to get projects funded by Russian authorities.

Person 1 JAMK sees the growing potential on the Russian market in the healthcare educational field and vocational education. However the current situation on the market he would characterize as “a big question mark in the air”.

Project Manager (Person 2 JAMK)

According to the information from the website of JAMK University of Applied Sciences and LinkedIn profile Person 2 JAMK has over 15 years of experience of managing and planning educational and development projects taking place in cooperation between companies and universities which include various international projects (for instance Interreg, Leonardo and NCM). He has several years of work experience from Russia and he is an active member of board of Kaluga Region Innovation and Cluster Development Agency (Kaluga region, Russia). In JAMK he has been responsible for trainings and study visits for Russian business leaders and entrepreneurs for 10 years, overall time of being involved in the activities of education export to Russia is twelve years. Person 2 JAMK has good command of Russian language and working culture.

Being another representative of JAMK University of Applied Sciences and working tight with Person 1 JAMK, the previous interviewee, Person 2 JAMK could be expected to give same answers for the same questions. However it can be noticeable from the interview observation (given below) that he has different from Person 1 JAMK's answers points which make value for the research purposes.

Interview with Person 2 JAMK

According to Person 2 JAMK when a Finnish educational institution goes to Russian market in general and St.Petersburg in particular it meets tight competition from internationally known players of global education market. Hence he would recommend considering also other areas of Russia as possible business arenas. Such Russian Far East and Northern territories are developing fast at the moment. Western companies located in Russia and Russian manufacturing companies appear to have certain needs in personnel training.

As a previous respondent from JAMK already mentioned personal relations are valued a lot by Russians also in doing business. However according to Person 2 JAMK the younger generation which starts to appear more and more at high positions in Russian companies and public sector organizations is different. Younger generation of Russian managers behave similar to European managers.

Among the challenges of education export from Finland to Russia Person 2 JAMK names corruption and a specific way of education development process in Russia. Corruption can be seen when the initial budgets and funds which have a specific target are significantly decreased when they get to their final destination. An own way of education development appears in the attempts of Russians to do everything by their own not employing the working models which proved itself, like Finnish education system.

Person 2 JAMK believes that due to extensive using of European Union funds for development education in Russia, Russia is not prepared to invest own money into its education system.

5.2 EduCluster Finland

EduCluster Finland Ltd (ECF) is an expert organization specialized on education export from Finland. ECF provides their customers around the globe with tailored solutions designed and implemented in collaboration with partners and Finnish experts. According to the website of the organization ECF operates in the fields of education system reform, quality assessment and performance development, professional development and teacher

training. They also provide short-term insights in the Finnish education system.

The main geographical areas where ECF operates are the countries of Gulf Co-operative Council, Asia, Latin America and Finland.

ECF is owned by University of Jyväskylä, Jyväskylä University of Applied Sciences and Jyväskylä Educational Consortium.

Even though ECF is not currently specialized on education export to Russia, it was chosen as a case as an organization whose main purpose is export of Finnish education globally. The authors hoped to get insights of professional education exporters from Finland who has these activities as main business and main meaning of the organization.

Interview with Person 3 ECF

Person 3 ECF is currently occupying a position of Client relations manager in EduCluster Finland. She has been involved with EduCluster network from 2006 when Education export was really new thing in the beginning 2006 and there was a lot of people in central Finland who were against the idea. They thought that Finnish education cannot be a product and we cannot sell it abroad. Nowadays Person 3 ECF thinks it is already a very basic thing that people understand that even educational institutions have to do some business.

According to Person 3 ECF cultural differences have to be always taken into account. Even the terms and concepts about education can be significantly different in different parts of the world.

Person 3 ECF highlights the importance of delivering the best product tailored particularly to the needs of every single customer. To create a product meeting customer's requirements the process of product development should be mutual with a potential customer.

Been already mentioned by the previous respondents, personal relations and trust play an important role in selling educational products. Person 3 ECF recommends Finnish educational institutions entering a new market to create

a core group of market experts to release the process from the excess complexity and to personify the business.

Unlike the other interviewees Person 3 ECF sees the challenges not only at the Russian side but also from the Finnish side. Such as a very limited educational human resource in Finland, who would be capable to deliver the training abroad with anticipated level of quality. Also Finnish price level is seen as too high by the Russian according to Person 3 ECF.

5.3 MIF Management Institute of Finland

The Management Institute of Finland (MIF) is part of the Soprano Group headquartered in Helsinki, Finland. According to the website of the company MIF is currently the largest leading Nordic training and consulting organization with more than 67 000 professionals and executives from 52 countries around the world participating in its programs each year. Its programs and services portfolio is delivered by the industry's top trainers and under the trusted brands of MIF, Tieturi and Aspectum in Finland and Russia. MIF is striving to combine management, communications and international operations knowhow as well as information technology expertise. The target of the company is to help both large and small organizations as well as individuals develop their competences and skills leading to success in today's complex and competitive digitized world by the means of training and consulting, including customized solutions, open courses, seminars, events, online training sessions or personal coaching services.

Among the training and consulting services of MIF are for example the following themes:

- Management and leadership
- International business development and globalization
- Sales, marketing and CRM
- HR management and development
- Communication and interpersonal skills

- Competence-based qualifications, certification programs and tests
- ICT governance and risk management
- Social enterprises and data management
- Project management, processes, tools and productivity
- Development, technologies and tools

In addition to general services MIF is specialized on the Russian market, consulting companies how to succeed there. MIF helps to handle local networking and business development. They provide service both in Finland and Russia, where they have a subsidiary of the company in St. Petersburg.

The examples of tailor-made training sessions on are given below:

- Business culture and habits
- Communication and interaction skills (eg. Working with the Finns, working with the Russians)
- Management (in Russia)
- Business skills development
- Sales and Customer Service
- Business study-tour programs in Russian in different sectors specially tailor-made for groups

MIF offers their training for:

- Finnish companies and organizations in Finland and Russia
- Russian companies and organizations in Russia and Finland
- International companies in Russia

According to the information from the website the subsidiary of MIF in St. Petersburg is made to complement services offered by Finnish-Russian Chamber of Commerce, Finpro and Finnvera.

Head of Russia operations (Person 4 MIF)

Person 4 MIF is Head of Russia operations in MIF, and is responsible for business development activities related to Russia. Such as designing and implementing customized competence development programs for Russian and Finnish clients. Person 4 MIF's career counts over fifteen years of education export activities to Russia, including designing and managing internships for Russian managers in Finland within the "Presidential program" of Russian Federation. During the six years from 2006 till 2012, with the help of Person 4 MIF nearly 300 Russian managers representing over 30 different regions of Russia has passed the internship in Finland. The strategic objectives of the Presidential program are:

- To improve the quality of management of Russian enterprises up to the international level
- To establish international networks between for Russian middle and top level managers.

Interview with Person 4 MIF

In the early days of her work in The Management Institute of Finland, they wanted to help Finnish companies to succeed. Firstly they organized education to Russian employees of Finnish companies which are operating in Russia. So they mainly trained Finnish companies' Russian staff, but also some amount of international employees from other countries. According to Person 4 MIF's reflection on that their strategy haven't fully succeed. Of course they can also say that they have succeeded as the company is still alive. But they have not reached their economic goals. They expected more growth from markets. There are many reasons why they have not fulfilled those goals. One of these reasons is economic situations in Russia and the unpredictability of the economic. One reason also might be that Finnish companies have not invested enough to Russian markets and because of that results have been thinner than pre expectations.

Apart from the ideas repeated in each interview about the importance of personalization in business with Russia and delivering a good product / service as a key success factors, Person 4 MIF emphasizes the need to be ready for flexible schedules which are common for Russians. Long waiting for

a response and then a very compressed period for doing work itself is how a typical project with Russia looks like.

Person 4 MIF agrees with Person 2 JAMK that the Russians often do not perceive the value of education in the same way as the Finnish do and with Person 3 ECF that the price level in Finland is perceived by Russian as too high.

Person 4 MIF emphasizes the role of viral marketing in Russia and sees one of the main challenges in unpredictability of Russian government, Russian economical and political situation.

5.4 PDGE Project Development Group Europe

Project Development Group Europe (PDGE) is a network of independent consultants. According to the information from the company's website PDGE operates globally through an international network of highly skilled experts, mainly senior-level consultants and trainers. PDGE is a member of the Future Learning Finland network - a national education export programme, which offers Finnish educational expertise and learning solutions globally.

Aside from a number of areas of expertise the company provides services for building capacity for the Finnish education export. Methods of service delivery are: training, coaching and organizational consultations. Examples of the services within the education export direction are given below (source: The website of Project Development Group Europe, 2014):

- Support for institutional strategic processes and strategy revisions for education export activities.
- Target market analyses.
- Contacts and networking for education export.
- Call for Tenders- follow up service, West Balkans.
- Local representation and charge of affairs, West Balkans.
- Fact finding and partner finding operations, West Balkans and Russia.

- Support for resource allocation of and education export; funding source analyses, risk analysis.
- Compiling localized marketing project portfolios
- Export project planning and support for preparing the necessary funding applications.
- Ensuring personnel capacity; international cross-cultural work; institutional competences required in education export, communication and interaction skills.

As they say about themselves PDGE is “a consortium of top-level independent experts in the fields of evaluation and Project Management, aiming at implementation of high quality project services: project preparation, background research and reporting, project management and coordination, project evaluation and impact assessment.” (The website of Project Development Group Europe, 2014)

CEO, Company Owner (Person 5 PDGE)

Person 5 PDGE is the CEO and the owner of PDGE. According to her profile in the PDGE’s webpage she is an internationally recognized expert in project management, trainer in project management and expert in development and implementation of train the trainers – programs in project management. Due to Person 5 PDGE’s professional and educational background of more than 20 years in the field of adult education, she has in-depth understanding of adult education, adult’s training, modern learning concepts and capacity to implement the best practices of the world leading Finnish system of education.

Interview with Person 5 PDGE

By rector as an original profession is rector Person 5 PDGE has started to develop cooperation with Russia 25 years ago. Ten years ago she became an entrepreneur. In the beginning of her career she has mainly worked with Russian Republic of Karelia area. In the early days it wasn’t an education export if to define education export as a process with a buyer and a seller. In education export the question is all about who is paying? It hasn’t been always like that exporting education would have been a commercial activity.

Person 5 PDGE doesn't have experience from other parts in Russia than ex-Leningrad present St.Peterburg and Republic of Karelia. Based from her own experiences she is commenting only on these regions.

According to Person 5 PDGE choosing exporting business model with care is crucial. Have to be mentioned that long-term strategy with many alternatives rather than putting all the efforts into a single project worked better for Person 5 PDGE. She also highlights flexibility of schedule while doing business with Russians and unpredictability of the market. According to Person 5 PDGE it is not worth of to start exporting with small volumes and the business field has to be chosen mindfully. Such as an example of not so suitable business field in Russia as a target for training was given construction with its very cheap labor force and energy sources.

Development program report: Education export cluster in South-East Finland – exporting vocational training to Russia

PDGE and Person 5 PDGE in particular have participated in the development of the programme for creating education cluster in South-East Finland. The report of the programme has been issued in December of 2013 under the initiative of Kouvola Innovation Oy. Since 2009 Kouvola Innovation Oy has been preparing South-East Finland cluster model and cooperation network to build education export business for that area. To clarify this cluster idea and to visualize targets for the future Kouvola Innovation Oy has ordered a development program report from a group of professionals who have experience of education exporting know-how. Report has been written during the year 2013. Group members and the authors of the report were Person 5 PDGE from PDGE Project Development Group Europe Oy, Grigori Dementjev from EduStroi Finland Oy, Jarmo Kinnula and Virve Obolhogiani from ComDe Oy.

Apart from the other aspects of entering Russian market with education products from Finland there were challenges of education export described in the report. Such, the authors believe that in the year 2013 in South-East Finland the following challenges related to the education export took place:

- weak export products development

- lack of resources, both people and finance: only little amount of Finnish experts who is capable to train foreign people and no permanent reserved budgets for education export activities
- lack of expertise, weak understanding of international markets and sales
- challenges related to distortion of competition and confusing situation of education export in Finland at the moment
- building networks and business models
- attitudes to education export and legalism

According to the report the largest education export challenges from the mentioned above are the organization's resourcing of the education export operations and lack of international sales and marketing expertise, as well as funding of market researches.

More research on the Russian side needs, types of potential customers and corresponding education products can be found from the report.

The report is not seen as a separate case to observe but as a complement to the interview with Person 5 PDGE.

In the following chapter the authors attempt to answer the research question with the help of cross-case analysis and taking into account also the results of desk-study.

6 CROSS-CASE ANALYSIS. ANSWERING THE RESEARCH QUESTIONS

In the current chapter the authors attempt to answer the research questions by implementing cross-case analysis. For the sake of analysis the authors threw their attention to the ideas which were repeated by different respondents. Then the ideas were divided into three categories which correspond to the research questions: key success factors (of education export from Finland to Russia), main challenges (of education export from Finland to Russia) and enablers (of education export from Finland to Russia).

Finally it was counted how many times the idea or phenomenon was mentioned by different interviewees, some word or word combination describing the idea the best was associated with it and the data were listed in the tables, starting from the most often repeated ideas to the ideas which were mentioned only in one interview or report. We have considered using elements of quantitative content analysis appropriate for the sake of the present qualitative research, as the point was not to exclude some findings which haven't gathered enough voices, but to structure the findings and take into account also ideas which were outspoken even once, as it could be valuable for the assignor and for the research purpose. Also the research methodology literature allows combining quantitative measures doing qualitative case study research. (Simons, 2009, 33-34)

Below the cross-case analysis will be implemented in the context of answering the research questions and summary will be given considering also the outcomes of the desk study.

6.1 Key success factors

In this chapter are gathered the findings from the interviews which help to answer the research question: "from the practical point of view what are the key success factors of education export from Finland to Russia?" Then these outcomes are compared to the desk research results.

The main ideas related to the success factors of education export from the respondents' interviews are given in Table 1.

Table 1. The ideas about key success factors for the education export from Finland to Russia

The word or word combination	Who talked about it and in what context
Relations, personalization	<p>Person 1 JAMK: relations go before business</p> <p>Person 2 JAMK: you have known somebody who knows somebody and they can give recommendation to you to contact, but new generation is different</p> <p>Person 3 ECF: The same person has to handle negotiations within a project</p> <p>Person 4 MIF: personal relationships are emphasized in Russia very much</p> <p>Person 5 PDGE: The most important thing is to maintain good relationship with Russians regularly</p> <p>Persons 1 and 2 JAMK, Person 4 MIF, (Päivi K.): It is worth of effort to maintain relationships also during poor times</p>
Good product	<p>Person 1 JAMK: Russians are rather careful buyers, they want to have a good content</p> <p>Person 2 JAMK: Of course there have to be a good product and good ability to deliver it</p> <p>Person 3 ECF: Product should serve customers' needs; developing a good product meeting the requirements of a particular customer is a crucial phase</p> <p>Person 4 MIF: Customer has to feel that he will get extra value with buying the service</p> <p>Person 5 PDGE: One of the key factors is a saleable product</p>

The table will be continued on the next page

Table 1. The ideas about key success factors for the education export from Finland to Russia (the continuation)

The word or word combination	Who talked about it and in what context
Trust	<p>Persons 1 and 2 JAMK: trust is one of key success factors</p> <p>Person 3 ECF: At the end it is really much about making some personal connection and trust</p>
Patience, long-term strategy	<p>Persons 1 and 2 JAMK: decision making and many other things take time</p> <p>Person 5 PDGE: taking long-term strategy in use</p>
Knowing right persons	<p>Person 1 JAMK: the first step is knowing right persons</p> <p>Person 3 ECF: the core “export” group in the Finnish institution have to understand the culture and who are the right persons to talk to from the Russian side</p> <p>Person 5 PDGE: firstly you have to know buying customer. That is the phase number one.</p>
Ready for non-schedule	<p>Person 4 MIF: If they are waiting for crucial information from Russian partners, they usually get it at the last minute</p> <p>Person 5 PDGE: Schedules in Russia are flexible</p>

Summarizing the data from Table 1, it can be concluded that personal relations and having a good product which adds value and meets customer’s requirements are the most crucial points in education export to Russia. All the experts say that the both factors are crucial, and they have to complement each other. Having a good product but no relations will not help doing business in Russia. From the other hand having relations but no product which serve customers’ needs will not lead to the deal. Also Person 1 JAMK,

Person 2 JAMK and Person 3 ECF emphasize the importance of building trust not just cold business network.

All the respondents who have an expertise on Russia highlight that to keep doing business in Russia one has to invest time into keeping relations alive. It is worth of effort to maintain relationships also during poor times; for example Heikki believes that at the moment when economic situation is not so good in Russia it would pay back to build and enforce contacts network. The reason for that is that it takes time to build trust and when the better time come, people will remember that they were not forgotten during the crisis period. Persons 1 and 2 JAMK and Person 5 PDGE believe that long-time strategy works better with Russia. Quick deals are challenging because business come after getting knowing right people (Person 1 JAMK, Person 3 ECF, Person 5 PDGE), building trust (Persons 1 and 2 JAMK, Person 3 ECF) and slow decision making procedures in Russia (Person 1 JAMK). Although Person 3 ECF believe that companies are relatively fast decision makers comparing with country's authorities representatives. Both Person 4 MIF and Person 5 PDGE warn that schedules do not work in Russia hence the Finnish side has to be ready to work fast (after a long period of uncertainty).

Some of the respondents give the cue to let the Russian side to take care of their own bureaucracy not to make it a bigger obstacle for the business than it can be.

Both representatives of JAMK consider that it is quite easy to establish cooperation with Russian institutions which doesn't involve business relations. Person 1 JAMK thinks that it could be a smother way of starting business – implementing projects where money is not involved.

6.2 Challenges

In this part of the chapter the authors are striving to find the answers for the research question: “What are the challenges involved into an education export process from Finland to Russia?” from the experts' interviews. The part of this question about enablers of education export to Russia is left for the next chapter.

In the Table 2 could be found respondents' thoughts about the challenges which are summarized and grouped by a related word or word combination.

Table 2. The ideas about challenges for the education export from Finland to Russia

The word or word combination	Who talked about it and in what context
Economic decline	<p>Person 2 JAMK: the biggest challenge at the moment is economic situation</p> <p>Person 1 JAMK: overall economic situation in Russia has not developed in a positive way lately so also the speed of growth has slow down.</p> <p>Person 4 MIF: unpredictability of Russian economic and political situation at the moment is one of the greatest challenges</p> <p>Person 5 PDGE: A great challenge was the devaluation of the ruble in year 1998</p>
Politics	<p>Person 2 JAMK has had some very potential customers, but because of some "hobbies" of the Russian leaders it didn't work out.</p> <p>Person 1 JAMK: if the story (in a political arena) continues in a negative way that might also affect business in a negative way</p> <p>Person 4 MIF: The biggest challenge is the unpredictability of Russian government, economic and political situation at the moment</p>

The table will be continued on the next page

Table 3. The ideas about challenges for the education export from Finland to Russia (continuation)

The word or word combination	Who talked about it and in what context
Unpredictability	<p>Person 4 MIF: The biggest challenge is the unpredictability of Russian government, economic and political situation at the moment</p> <p>Person 5 PDGE: commercial activities in Russia a bit like gambling in casino: you need to have chips</p>
Finnish prices	<p>Person 2 JAMK: If universities in Russia will do some kind of training they will buy it somewhere from Russia because it is cheaper</p> <p>Person 3 ECF, Person 4 MIF: Prices for education (and living costs – Person 4 MIF), which are normal for Finland are perceived as very high by Russians</p>
Spoilt with funds	<p>Person 2 JAMK, Person 4 MIF: Russia is spoilt with EU funds and doesn't want to invest own money into education import</p>
Commercialization	<p>Persons 1 and 2 JAMK: easy to make cooperation, difficult to make business out of it</p>
Lack of Human resources in Finland	<p>Person 3 ECF, PDGE report: there is a lack of human resources in Finnish education who is capable to provide expected quality education abroad</p>
Lack of expertise	<p>Person 3 ECF, PDGE report: there is a need for training and developing the expertise on Russian market and sales</p>

The table will be continued on the next page

Table 4. The ideas about challenges for the education export from Finland to Russia (the end)

The word or word combination	Who talked about it and in what context
Lack of vision of getting additional value from buying education	<p>Person 2 JAMK: They don't have an idea, that let's buy the best thing in the world to develop their educational system. They do it more like themselves from their usable budgets.</p> <p>Person 4 MIF: in further regions of Russia they don't see the value of education provided by Finland</p>
Tight competition	<p>Person 2 JAMK: Finnish institutions have to compete with globally known universities with high reputation,</p> <p>Persons 1 and 2 JAMK: St. Petersburg is close to Europe and competition is hard there</p>
The beginning phase	<p>Person 1 JAMK: the biggest challenge for Matti has been the phase in the beginning: to learn to know the right people.</p> <p>Person 5 PDGE: In the first place you have to know who is a buying customer, it doesn't make sense to come to Russia not knowing who is your customer</p>
Corruption	<p>Person 2 JAMK: If there is a budget for developing something for 1 million Euros, some part of that money will disappear somewhere.</p>

As can be seen from Table 2 there are many challenges of entering Russian educational market experienced by the interviewees.

All the respondents involved into business operations with Russia see the economic decline currently and in general as one of the biggest challenges. It

is also tightly connected to the political side and unpredictability of Russian government and the situation development. Person 5 PDGE compares doing business in Russia with playing in casino. Although this compartment shows that it is very risky it also gives the strategy for entering Russian market: “you have to have chips”, or in other words if one project fails there have to another one to continue playing. These outcomes go in line with the results of the authors’ desk-research (political and currency related risks).

Finnish price level for education also appears to be quite high for Russian customers. From Person 3 ECF’s experience Russians perceive prices for education which are normal for Finland as too high. Heikki believes that in many cases Russian institutions will prefer to buy training from local providers because of the prices. Person 4 MIF has mentioned also that not only price of the training but living costs in Finland are perceived as very high by many Russians.

Partly because of the prices perception as too high and also because of availability of EU funding Russian organizations got used to get some financial support from Europe for importing Finnish education (Person 2 JAMK, Person 4 MIF).

As it was noticed by many respondents it is very challenging to get commercial projects with Russian side, though it is easy to cooperate otherwise, when money are not involved. Person 2 JAMK and Person 4 MIF also speak about perception of education value by Russians. Person 2 JAMK has mentioned that they tend to attempt developing some education models by themselves rather than buying already existing and working know-how from Finland. Person 4 MIF has noticed that in Russian regions which are located further from Finland do not see the additional value which can be obtained via education from Finland. Person 5 PDGE has also observed than in some business sectors in Russia, such for example in construction, the prices for the labor force and energy is so cheap that they would not spend money for expensive education.

Person 1 JAMK highlights the challenge of entering Russian market. He believes it could easily take several years just to know the “right” people. This

statement goes in line with Person 5 PDGE's opinion that before going to Russia one has to know who is a paying customer.

Tight competition on corporate training market, which is especially significant in St.Petersburg due to its proximity to Europe is another challenge of entering and staying on the market.

Although corruption was perceived as the most problematic factors for doing business in Russia according to The Russia Competitiveness Report 2011 (Chapter 4.3 of the present research) it was mentioned by only one respondent as a refraining factor of growing in Russia.

Also from the Finnish side challenges could be found. Such as poor human resources capable to deliver training of expected quality abroad from Finland. Also lack of expertise on international marketing and sales were highlighted by Person 3 ECF and in the Development program report by Person 5 PDGE and other authors.

Quite surprisingly for the researchers, bureaucracy and culture differences were not perceived as challenges worth of focusing on by the respondents who has been doing business with Russia. However they highlight some specifics of working in Russia which have to be taken into account. These aspects are:

- building relations before doing business,
- long process of decision making in Russia
- flexibility of schedules and last minute decisions
- building trust between counterparts
- knowing "right" people for business

Also Russian legislation has never been mentioned as a challenge unlike Finnish legislation with restrain the education export from Finland much according to Person 2 JAMK, Person 4 MIF and Person 5 PDGE. Hence it probably requires of just getting familiar with and taking that into account while doing business with Russia.

In the next chapter the authors draw their attention to the potential enablers (like government support and funding) for education export to Russia.

6.3 Enablers

In this part of the chapter the authors are striving to find the answers for the research question: “What are the enablers (like government support and funding) of education export to Russia?” In Table 3 the mentioned in the interviews issues are summarized. Also a great part of the desk research was devoted to the government support of corporate training in Russia and main findings of that are summarized below.

Table 5. The ideas about enablers for the education export from Finland to Russia

The word	Who talked about it and in what context
EU funds	Person 2 JAMK, Person 4 MIF: EU funds are involved in many cases of education export to Russia
Tenders, offer competition	Person 1 JAMK: JAMK has participated in offers competitions, sometimes successfully, sometimes not
Russian government funds or regional public budgets	<p>Person 1 JAMK: Russia was funded well at certain periods of time, however it was extremely challenging to get commercial projects with Russian public sector organizations</p> <p>Person 2 JAMK: a great part of these funds disappear before reaching the target destination</p> <p>Person 4 MIF. has been implementing internship part of Russian managers studying within Presidential programme</p>

Although EU funds appeared to be an important component of education export operations to Russia it was not a subject for the current research. So the authors left this part away from the precise studying. Tenders and offer competitions could also be sponsored either by world development organizations (such as World Bank or others) or by Russian government. The authors did not find the tenders from Russian government which would be going on at the moment of the research writing. Also the point about Russian government budgets that a great part of these funds disappear before reaching the target destination (Person 2 JAMK).

Russian Presidential programme which MIF and Person 4 MIF have been involved into has been described in details in Chapter 4.1. Also such instrument as tax deductions and compensations of spending on corporate training at the expense of employees were described in Chapter 4.1.

Based on the interviews and desk research results the authors conclude that there is very little government support for the purpose of corporate training in Russia.

7 DISCUSSION

In the discussion part of the research the authors have observed the progress on achieving the saturation point, described some limitations and possible applications of the study and gave some recommendations to the assignor of the research based on the study results.

Considering the limitations and applicability of the study the attention was paid to the time perspective, the business field of the research final user and to some aspects of the research method.

The recommendations were given to the assignor of the research – The Jyväskylä Institute of Adult Education based on the desk-research and cross case study analysis.

7.1 Recommendations

In this chapter the authors are going through the results of the research and giving their recommendations to the research assignor – The Jyväskylä

Institute of Adult Education – what to take into account while entering the Russian market of corporate training.

The first success factor to be mentioned on doing business in Russia is personalization. For The Jyväskylä Institute of Adult Education it would mean the need to form a core group of experts who will develop the export to Russia direction. Some people have to be in contact with the Russian party. As it was constantly emphasized by the interviewees personalization is an important part of the game. And the other aspect of personalization is viral marketing or the possibility to get new contacts (deals) by the means of getting recommendations / feedback of the previous customers. It appears to be an important factor for The Jyväskylä Institute of Adult Education as they would need a wide network of customers (not just few) for achieving economic targets. Hence it could be recommended to pay special attention to getting and putting in use recommendations or might be also new contacts from the received customers. Possibly some references and leads managing system should be created to handle them effectively. For example: asking for the leads from the existing contacts, collecting them in a certain site and handling these leads regularly – finding an opportunity to be introduced or otherwise get personally familiar, sending news reviews, congratulations and greeting for Russian holidays and birthdays (if known), surely not forgetting also those potential or existing customers who has been already met.

As it was noticed by the interviewees who holds an expertise in Russian education and training market, the long-term strategy works better there, because of low possibility to get quick deals, extensive flexibility of Russian schedules, and unpredictability of political and economic situation in Russia. However as some of the respondents highlighted poor times is not a reason to quite the communications and leave the market. Also as it was mentioned by Person 1 JAMK the beginning phase can last surprisingly long time due to the challenge of getting first contacts on the market.

It would be meaningful to focus on the business fields where the labor force available in Russia is relatively expensive, so that it would pay back for employers to invest in its training and retention.

Developing products which meets requirements of Russian potential customers and give an additional value for their business activities would be another core aspect for the institute. As it was told by Person 3 ECF the final products could be elaborated in cooperation with the customer but some offer should be ready as a starting point.

It is under the control of The Jyväskylä Institute of Adult Education to obtain an expertise on marketing and sales in Russia, by hiring experts or training own employees. Also the personnel who will be directly involved in training delivery to the Russian should be selected carefully.

The alternative of entering the market by other means rather than entirely on its own could be for example using agents' services to get first deals and contacts. Cooperation with other Finnish education organizations who are successfully selling education to Russians and whose services JAO could complement would be another option which could make penetrating the market smoother. It might be also a possibility to implement non-commercial of EU funded projects involving Russian educational institutions or other public organizations. But the potential benefits for The Jyväskylä Institute of Adult Education should be estimated carefully – would it give leads or relevant references for further commercial projects or potential customers from the private sector? Getting strategic alliances with Russian educational organizations would be the way to eliminate difficulties with Russian bureaucracy and potentially to help in finding customers if the institute will be able to deliver the additional value and complement the area of expertise of the Russian organization.

7.2 Achieving the saturation point

The authors have applied the method of comparative case analysis, and cross-case analysis to answer the research questions. Implementing replication logic for selection of the respondents five interviewees were chosen as cases. Each respondent (case) was recommended by at least one participant of the research (expert) or by the research assignor. Due to these principles of careful choosing the experts for interviewing every interview was particularly informative, and has given an additional value for the research. However the area of the research (success factors, challenges and enablers

of education export from Finland to Russia) is quite specific and there are many factors which are repeated from one to another interview. In the Table 4 is shown the process of achieving the saturation point through studying the interviews and the reports of the case companies, showing the amount of new (not repeated) ideas from every new interview. As it can be seen from Table 4 the amount of the new information gotten with the every new interview is decreasing. Most of the ideas related to the research questions from the fifth interview were already said by someone in the previous interviews. Hence the authors can conclude that saturation point is achieved and no more interviews are needed.

Table 6. Saturation progress during the interviews

Person 1 JAMK	Person 2 JAMK	Person 3 ECF	Person 4 MIF	Person 5 PDGE
<p>The importance of personal relations and trust</p> <p>Keeping the contacts alive</p> <p>Long process</p> <p>No bureaucracy problem</p> <p>St.Petersburg is tight</p> <p>Difficult to switch from cooperation to business</p> <p>Very hard to get projects funded</p>	<p>Younger generation is different</p> <p>Corruption</p> <p>Economic situation</p> <p>Competing with global known institutions</p> <p>Spoilt with EU money</p> <p>Need for training construction and manufacturing</p>	<p>Need to know culture and make sure of same level of understanding</p> <p>Limited human resource in Finland</p> <p>Focus group inside institution</p> <p>Product development together with the potential customer</p>	<p>Unpredictability of Russian government</p> <p>Scheduling is almost impossible</p> <p>Viral marketing</p> <p>Finnish prices are perceived as too high</p>	<p>It is not worth of to start exporting with small volumes</p> <p>choosing exporting business model with care</p> <p>Construction is not so attractive area in Russia for the purpose of selling education</p>

Person 1 JAMK	Person 2 JAMK	Person 3 ECF	Person 4 MIF	Person 5 PDGE
by Russian authorities Content is important Question mark in the air Healthcare and vocational education – growing area	workers + western companies Far East and North are developing regions They don't see the value of buying education			

In the following sub-chapter the limitations and applicability of the study will be observed.

7.3 Limitations and applicability of the study

In this chapter the authors attempted to look objectively at their study and discover the limitations of the research done. Most of the limitations were caused by the time frames and although Irina has been involved personally into some education export operations between Finland and Russia, we cannot pretend to have full expertise and insights of the topic. Some areas of limitations are described below.

The study was focused at the current moment and might be false for the future time. The changed environment should be observed carefully to apply the results of the study in the future.

The results of the study can be applied not only to The Jyväskylä Institute of Adult Education but to any other educational institution of Finland who is striving to develop commercial activities in Russian market. To some extent the results about successful factors and challenges are also applied to any business providing servicing and entering the Russian market.

As it is highlighted by many authors the variety of sources is one of the key attributes of the case study research method (Creswell, 2007, 79; Yin, 2014, 118). In the current study the authors have made a desk-research before collecting the data from the interviews. The pre-research has included studying the current economic and competitive situation on the market of corporate training in business sector of St.Petersburg, as well looking for possible enablers such as government support for education export activities from secondary data, also attempting to forecast potential threats of entering Russian market, which compile a specific group of challenges. In addition to that we have studied the websites and available documents issued by the organizations and/or individual experts participated in the research to enforce or complement the findings from the interviews. The biggest part of the desk-research was done before collecting the data from the interviews. Partly it is caused by inaccessibility of the respondents for the interviews during summer months: the whole thesis was done during June-October 2014, while the interviews were taken between 10.09 and 29.10.2014. This approach has allowed us to dive into the topic before the interviewing, so we could prepare better questions and get more sense out of the interviews. From the other hand if we would do the desk-research after the interviews we would look for a bit different set of data. We believe that lack of multiple sources of collecting information for particular cases was one of the most significant limitations of the study. We tried to compensate it by the variety of the cases, collecting information from different sources (respondents) to build more valid and valuable conception. Also Yin (2014, 56-57) argues that multiple studies should be preferred over single-case studies if the resources are achievable.

Earlier research on the topic is often recommended as a secondary data source. (Kumar, 1996, 124) We have to confess that we haven't used it effectively and that otherwise it could bring more value to the study. The reason of this limitation was tight time-frames for the research and the priorities of the authors: we have considered up-to-date first-hand information from the current education experts having more priority for the research.

REFERENCES

BBC country's profile: Russia. Accessed on 8 September 2014

<http://www.bbc.com/news/world-europe-17839672>

Bobrovnikov A., Тераев Е. 2013. Справочник по регионам России за 2013 год (Russian regions directory for year 2013). 11/2013. Aton Ltd. PDF file. Accessed on 8 September 2014

http://www.rcb.ru/data/analytics/27_11_13%20Aton%20Russian%20Regions%20Handbook%202013.pdf

Creswell J.W. 2007. Qualitative inquiry & research design. Choosing among five approaches. London: SAGE Publications

Corruption Perception Index 2013. Accessed on 8 September 2014,

<http://www.transparency.org/cpi2013/results>

Eriksson P., Kovalainen A. 2008. Qualitative Methods in Business Research. London: SAGE Publications

European Central Bank, Accessed on 8 September 2014,

<https://www.ecb.europa.eu/>

Europe keeps option of more sanctions on Russia as Nato leaders gather. Accessed on 5 September 2014. <http://www.helsinkitimes.fi/world-int/world-news/international-news/11901-europe-keeps-option-of-more-sanctions-on-russia-as-nato-leaders-gather.html>

Finnish education export strategy: summary of the strategic lines and measures. 2010. Publications of the Ministry of Education and Culture, Finland

Finland in Cold War II. Article on Helsinki Times website on 28 August 2014, Accessed on 29 August 2014,

<http://www.helsinkitimes.fi/columns/columns/business-view/11780-finland-in-cold-war-ii-2.html>

FutureLearningFinland website. Accessed on 24 September 2014,

<http://www.futurelearningfinland.fi/>

Ghauri P., Gronhaug, 2002, Research methods in business studies. A practical guide. Harlow: Pearson

Haapaniemi, M. Moijanen, M. & Muradjan, K. 2003. & Suomalais-Venäläinen kauppakamariyhdistys ry, Tak Ili Kak, Venäläistä tapakulttuuria suomalaisille, (Finnish-Russian Chamber Of Commerce ry, Tak Ili Kak, Russian manner culture to Finns) Helsinki: Multiprint Oy.

International education markets and Finland, 2013, publication by Ministry of Education and Culture, Finland, accessed on 28.09.2014

<http://www.minedu.fi/OPM/Julkaisut/2013/koulutusvienti.html?lang=en>

Ismukhanova D. 2014. Почему уходят люди, прошедшие обучение? (Why people trained on the account of a company leave?). Discussion on corporate training in LinkedIn group "HR-directors community". Accessed on 30 August 2014.

https://www.linkedin.com/groups/%D0%A1%D0%BE%D0%BE%D0%B1%D1%89%D0%B5%D1%81%D1%82%D0%B2%D0%BE-HR%D0%B4%D0%B8%D1%80%D0%B5%D0%BA%D1%82%D0%BE%D1%80%D0%BE%D0%B2-4283602?trk=groups_item_detail-h-dsc&goback=.gmp_4283602.gde_4283602_member_5909562989517750275

JAMK University of Applied Sciences. 2014. N.d. The website of JAMK University of Applied Sciences. Accessed on 24 October 2014. www.jamk.fi

Jyväskylä Institute of Adult Education. 2014. N.d. The website of The Jyväskylä Education Consortium. Accessed on 28 September 2014 <https://www.jao.fi/en/Studies-and-events/Jyvaskyla-Institute-of-Adult-Education>

Korhonen P., Dementjev G., Kinnula J., Obolgoviani V., 2013, Kaakkois-Suomen koulutusvientiklusteri Ammatillisen täydennyskoulutuksen vienti Venäjälle kehitysohjelma (Development program report: Education export cluster in South-East Finland – exporting updated vocational training to Russia), Accessed 21.10.2014,

http://files.kotisivukone.com/comde.kotisivukone.com/koulutusvientiklusteri-20-12-2013_final-1.pdf

Kotler P., Keller K.L. 2012. Marketing Management, 14th edition, Harlow: Pearson

Kumar R. 1996. Research Methodology. A step-by-step guide for beginners. London: SAGE Publications

Kumpulainen K. 2011. Education export – Making local learning lessons global, An article in the magazine Lifelong Learning in Europe. Vol. Xvi, Issue 1, 3

Lim A.H. Saner R. 2011. Trade in educational services: Market opportunities and risks, Article in the magazine Lifelong Learning in Europe, Vol. Xvi, Issue 1, 2011, 18-30

Longworth N., Davies W.K. 1996. Lifelong learning. London: Kogan Page

Maringe F., Gibbs P. 2009. Marketing Higher Education: Theory and Practice. Open University Press, Maidenhead, England

Maxwell J.A. 1996. Qualitative research design. An interactive approach. London: SAGE Publications

MIF Management Institute of Finland. 2014. N.d. The website of MIF Management Institute of Finland. Accessed on 24 October 2014. <http://www.mif.fi>

- Nikolaev D., Chugunov D. 2012. Education System in the Russian Federation: Education Brief 2012. The World Bank
- Parliament backs conciliatory approach to Ukraine crisis, Article on Helsinki Times website on 3 September 2014, Accessed on 5 September 2014.
<http://www.helsinkitimes.fi/finland/finland-news/politics/11844-parliament-backs-conciliatory-approach-to-ukraine-crisis.html>
- PDGE Project Development Group Europe. 2014. N.d. The website of PDGE Project Development Group Europe. Accessed on 24 October 2014.
<http://www.pdge.eu/>
- Reif J., Whittle J., Thurmond, M. 1997, Services – the export of the 21st century: a guidebook for US service exporters. World Trade Press, Novato, CA, The USA
- Richmond, Y. 2009. From nyet to da : understanding the new Russia. Intercultural Press, Nicholas Breale, Boston, The USA
- Russian Federation Federal States Statistics Service, Accessed on 01 July 2014. gks.ru
- Salo T. 2014. JAMKin venäläisopiskelijat ja keskisuomalaiset yritykset yhteistyössä. (In cooperation of Russian students of JAMK and Central Finland businesses) An article in JAMK Magazine. Issue 1/2014, 7-9
- Saunders M., Lewis P., Thornhill A. 2012. Research methods for business students. Essex: Pearson
- Silverman D. 2013. Doing qualitative research. London: SAGE Publications
- Simons H., 2009, Case Study Research in Practice. London: SAGE Publications
- Spring J., 2009, Globalization of education: an introduction. Washington: Routledge
- Starovoytova I. 2014. Обучение персонала - возможности возмещения? (Personnel training – compensation possibilities). Discussion on corporate training in LinkedIn group “HR-directors community”. Accessed on 30 August 2014.
https://www.linkedin.com/groups/%D0%A1%D0%BE%D0%BE%D0%B1%D1%89%D0%B5%D1%81%D1%82%D0%B2%D0%BE-HR%D0%B4%D0%B8%D1%80%D0%B5%D0%BA%D1%82%D0%BE%D1%80%D0%BE%D0%B2-4283602?trk=groups_item_detail-h-dsc&goback=.gmp_4283602.gde_4283602_member_5909562989517750275
- Stenholm, J. 2009. Venäjän yritys- ja tapakulttuurista. Teoksessa Tiri, M. Venäjän liiketoiminnan perusopas. (Manner and business culture in Russia, basic guide in to Russian business) Helsinki: J-paino Oy, 95-105.
- Strategy for the Internationalisation of Higher Education Institutions in Finland 2009–2015. 2009. Publications of the Ministry of Education, Finland

The General Agreement on Trade in Services (GATS): objectives, coverage and disciplines. Accessed on 24 September 2014.

http://www.wto.org/english/tratop_e/serv_e/gatsqa_e.htm#3

The Presidential program of preparation of the Russian enterprises of national economy young managers. Accessed on 1 September 2014.

<http://www.pprog.ru/index.php>

The Russia Competitiveness Report 2011. Accessed on 8 September 2014

<http://www.weforum.org/reports/russia-competitiveness-report-2011>

What is EduCluster Finland? 2014. N.d. The website of EduCluster Finland, Accessed on 28 October 2014. www.educlusterfinland.fi

Virkkanen H. 2011. Export success for education. Article in Life Learning in Europe magazine. Vol.Xvi. Issue 1. 6

Yin R.K. 2014. Case Study Research. Design and Methods. London: SAGE Publications

World Press Freedom Index 2014. 2014. Accessed on 8 September 2014

<http://rsf.org/index2014/en-index2014.php>

Выезд за границу может стать платным (Visiting abroad can become paid). Article on Rufabula website on 07 August 2014. Accessed on 21 August 2014.

<http://rufabula.com/news/2014/08/07/pay-for-travel>

Государственная программа Российской Федерации "Развитие образования на 2013 - 2020 годы" (National programme of Russian Federation "Education development for the years 2013–2020"). 2014. Government of Russian Federation. Moscow. Accessed on 22 August 2014.

<http://government.ru/docs/11910>

<http://gov.garant.ru/SESSION/PILOT/main.htm>

Государственная Дума РФ. Законопроект «О внесении изменений в Федеральный закон "О государственном языке Российской Федерации" и Кодекс Российской Федерации об административных правонарушениях в части защиты русского языка» (State Duma of Russian Federation, Bill "On making changes in Federal Law "About state language of Russian Federation"). 2014. Issued on June 2014. Accessed on 21 August 2014.

<http://asozd2.duma.gov.ru/main.nsf/%28SpravkaNew%29?OpenAgent&RN=227062-6&02>

Государственная Дума РФ, Законопроект «О внесении изменений в Семейный кодекс Российской Федерации (в части запрета усыновления российских детей иностранными гражданами, не являющимися родственниками ребенка)» (State Duma of Russian Federation, Bill "On making changes in Family Code of Russian Federation (related to a ban of adoption of Russian children by foreign citizens, who are not the child's relatives). 2013. Issued on Dec. 2013. Accessed on 21 August 2014.

<http://asozd2.duma.gov.ru/main.nsf/%28SpravkaNew%29?OpenAgent&RN=399590-6&02>

Государственная Дума РФ, Законопроект «О внесении изменений в Федеральный закон "О средствах массовой информации" (в части повышения открытости деятельности средств массовой информации, получающих финансовую и иную поддержку из иностранных источников)» (State Duma of Russian Federation, Bill "On making changes in Federal Law "About media" (related to increasing the openness of the media receiving financial and other support from foreign sources). 2013. Issued on Dec. 2013. Accessed on 21 August 2014. <http://asozd2.duma.gov.ru/main.nsf/%28SpravkaNew%29?OpenAgent&RN=177445-6&02>

Индекс конкуренции регионов – полюса роста России AV-RCI (Regional Competition Index – growth poles of Russia AV-RCI). 2013. N.d. Website of AV-Group. PDF file. Accessed on 21 August 2014. http://www.av-group.ru/files/AV_RCI.pdf

Лечиться по-советски. (To be treated in a Soviet way). 2014. Article on Gazeta.ru website on 08 August 2014. Accessed on 21 August 2014. <http://www.gazeta.ru/social/2014/08/08/6166633.shtml>

Налоговый кодекс Российской Федерации (The Tax Code of Russian Federation). Accessed on 21 August 2014. http://base.garant.ru/10900200/34/#block_264

Постановление Правительства Российской Федерации N966 «О лицензировании образовательной деятельности». (Russian Federation Government Resolution N966 "On the licensing of educational activities") on Oct 28, 2013.

Расходы на обучение работников: особенности налогообложения. (Taxation particularities for personnel training expenses). 2014. Article on Журнал «Практическая бухгалтерия» ("Practical accounting" magazine) website on Aug 14, 2012. Accessed on 21 August 2014. <http://www.buhgalteria.ru/article/n64717>

Российских рабочих будут готовить с привлечением зарубежных экспертов (Russian workers will be educated with the help of foreign experts). Article in the website of The Ministry of Education and Science of The Russian Federation on Apr 4, 2014. Accessed on 28 September 2014. <http://xn--80abucjiibhv9a.xn--p1ai/%D0%BD%D0%BE%D0%B2%D0%BE%D1%81%D1%82%D0%B8/4068>

Стратегия экономического и социального развития Санкт-Петербурга на период до 2030 года (Strategy of economic and social development of St.Petersburg till the year of 2030). 2014. N.d. Government of St.Petersburg. Accessed on 28 July 2014. <http://spbstrategy2030.ru/>

Тренинговые компании Санкт-Петербурга (Training companies of St.Petersburg). 2014. Rating on website of MottonPik rating agency. Accessed on 02 October 2014. <http://www.pikstudy.ru/treningovye-kompanii-spb.html>

Федеральный закон N 99-ФЗ «О лицензировании отдельных видов деятельности», в редакции Федерального закона №185-ФЗ от 02.07.2013 (Federal Law №99-FZ “On licensing certain types of activities”, as amended by Federal Law №185-FZ of 02.07.2013)

Федеральный Закон N 273-ФЗ «Об образовании в Российской Федерации», Министерство Образования и Науки Российской Федерации (Federal Law №273-FZ On Education in Russian Federation). 2013. N.d. Ministry of Education and Science of Russian Federation

Федеральный Закон № 212-ФЗ (ред. от 04.06.2014) "О страховых взносах в Пенсионный фонд Российской Федерации, Фонд социального страхования Российской Федерации, Федеральный фонд обязательного медицинского страхования и территориальные фонды обязательного медицинского страхования» (Federal Law № 212-FZ About insurance contributions to Pension Fund of Russian Federation, Federal fund of obligatory medical insurance and territory funds of obligatory medical insurance). 2014. N.d. Federal Law of Russian Federation as amended on June 6, 2014

Электоральный рейтинг Путина за полгода вырос вдвое (Electoral rate of Putin has double during half a year). Article on News Agency RBC website on Aug 13, 2014. Accessed on 21 August 2014.
<http://top.rbc.ru/politics/13/08/2014/942514.shtml>

APPENDICES

Appendix 1. Companies providing further occupational training in St.Petersburg

Table 7. Training companies of St.Petersburg (MottonPik rating agency 2014)

Rating position	Name and website	Geography	Specialization	Works from
1	Экватор http://www.eqspb.ru/	St.Petersburg	Management, leadership, emotional Intellect, business communications, soft skills development	2004
2	Тренинговое агентство "Мастер-Класс" www.master-class.spb.ru	St.Petersburg	Programmes are individual for different customers	2002
4*	Exiclub http://exiclub.ru/	Moscow, St.Petersburg	Trainings for managers and organizations	No information
5	ICN Holding http://www.invest-life.ru	St.Petersburg	Investments, finances	No information
6	InConte http://inconte-spб.ru/home/	St.Petersburg	Professional personnel development	2004

Rati ng posi tion	Name and website	Geography	Specialization	Works from
7	Lico www.lico.ru	Moscow, St.Petersburg	Sales, management training, personnel assessment	No informati on
8	Moscow Business School http://mbschool.ru/	Moscow, St.Petersburg, other cities	MBA, business school	No informati on
9	Pavlovsky Roman Consulting Group http://pavlovskyroman.c om/	Moscow, St.Petersburg, Tula	Consulting, recruiting, personnel training	2009
10	ПРОБИЗНЕС www.pro-business.su	Moscow, St.Petersburg	Managers, sales, negotiations trainings, other	No informati on
11	RECONT http://recont.ru	Moscow, St.Petersburg	Management, sales	1999
12	АГО Консалт http://www.ago- consult.ru/	St.Petersburg	Seminars for top- managers, middle- managers and HRs	No informati on
13	Академия Роста http://www.ac-ro.ru/	St.Petersburg	Management, sales, negotiations, business games, purchasing	No informati on
14	Альт-Инвест http://www.alt-invest.ru	Moscow, St.Petersburg	Investments, finances	No informati on
15	АТК - Ассоциация	St.Petersburg	Team building,	No

Rating position	Name and website	Geography	Specialization	Works from
	тренинговых компаний http://www.atkspb.ru/		customer service, goals setting, HR, real estate management, others	information
16	Вектор Успеха www.topleading.ru	St.Petersburg	Customer service, sales, goals achieving, change management	No information
17	Гардарика www.gardaricka.com	St.Petersburg	Effective teams, sales, top-managers, conflict management	2000
19	Лиона http://www.liona.spb.ru/	St.Petersburg	Effective management, effective service, HR, team-building, others	No information
20	Мастерская Михаила Розанова http://mikhailrozanov.ru	St.Petersburg	Time management, sales, conflict management, others	1997
21	Международный центр образования и научных исследований http://www.icesr.ru/	Moscow, St.Petersburg, Berlin (Germany)	Economical security, personal effectiveness, leadership and management, HR, cross-cultural communications	No information
22	Московская Школа Новой Экономики www.e-mba.ru	Moscow, St.Petersburg, other	MBA, distant education, other	No information
23	Национальный открытый университет	St.Petersburg	Individual for different companies	2004

Rating position	Name and website	Geography	Specialization	Works from
	России http://www.nouronline.ru			
25*	Персонал Эсто http://esto.ru	St.Petersburg	Sales, HR, business development	2004
26	Русская Школа Управления http://uprav.ru	Moscow, St.Petersburg, Berlin (Germany)	Very many fields including restaurant industry	2002
27	Санкт-Петербургский учебный центр «Догма» www.dogma.spb.ru	Moscow, St.Petersburg, other	Individual for different companies	No informati on
28	Треникум http://trenicum.ru/	St.Petersburg	Sales, HR	2007
30*	Тренинговый Центр "Мастерская будущего" www.masterfuture.ru	St.Petersburg	Leadership and management	2000
31	Тренинговый Центр ПРО-АКТИВ http://www.pro-acti8.ru/	St.Petersburg	Personal grow and business trainings	No informati on
32	Учебно-методический центр "Столичные	Moscow, St.Petersburg	Training on procurement legislation and occupational safety	No informati

Rating position	Name and website	Geography	Specialization	Works from
	тендеры" http://stenderi.ru/		and health trainings	on
33	Финансовый эксперт http://clfin.ru	St.Petersburg	Finances	No information
34	ЦНТИ "Прогресс" www.cntiproggress.ru	Moscow, St.Petersburg, Novosibirsk	Individual for different companies	2003

* some companies from the rating are missing as the websites which were given by the rating agency do not work

Appendix 2. Fairs and events for corporate training companies in Russia

Table 8. Fairs and events for corporate training companies in Russia

Name and website of the event	Short description	History	The place and date of the next event
HR and training Expo http://www.expo.trainings.ru/	The annual HR conference and exhibition. Has own nominations and awards for HR companies / departments / people	Organized annually since 2000	30.09 - 2.10.2014, Moscow Crocus-Expo
Выставка-конференция «НАБОРОТ» http://naoborot.biz/	The annual event for meeting of customers and providers of HR-services with the focus on training and development. The results of Russian nationwide contest between corporate education providers are announced during the event.	Organized annually since 2008	27.02.2015, Moscow, The Moscow State University
E-Learn expo http://www.elearnexpo.ru/	An exhibition of modern technologies for corporate and educational training. Mostly about distance education	Since 2002	1-2.10.2014, Moscow Crocus-Expo

Appendix 3. Interview structure

1. Introduction of the interviewer and the research
2. Asking the interviewee to introduce him/herself and their experience in the field of education export from Finland to Russia
3. The themes to discuss:
 - a. Cultural differences
 - b. Bureaucracy and administrative barriers in Russia
 - c. Successful commercial projects of the interviewee in Russia, paying customers in Russia
 - d. Factors of successful sales of education projects in Russia
 - e. Challenges and the reasons of failed projects
 - f. Current situation on the market, ongoing projects
 - g. Prospects of educational export to Russia in the nearest future
4. Extra Question: Do you have something else on mind related to this subject what you would like to add?
5. Can you give some tips to who (Finnish educational expert) or what organization (experience with Russia) I could interview next considering educational export to Russia? Can I refer recommendation when trying to appoint a meeting?

Appendix 4. Notes from the interview with Person 1 JAMK (Matti Hirsilä)

Cultural differences

According to Matti's experience Russia is very difficult to make quick deals. It takes time and requires patience. Matti thinks it is true for any business fields, not only education. Russians like personal communications: you need to be there. It's face to face business. Even though you might have some silence in relationship you need to pay your visit. You need to keep the relationship alive. It is investing to that side. So you need patience, because one day the deal may come. The decision making process is rather long and slow. Even if you might have a good idea and if you have money available and there is interest, that takes time. Many things take time.

And also Russians are clever of creating partnership and co-operation based on mutual interest and sharing services instead of using money.

Bureaucracy and administrative barriers in Russia

Matti doesn't think that Russian bureaucracy is something to be afraid of. Though sometimes it was challenging to match Finnish and Russian bureaucracies together. It might need to get used to the certain steps that you need take in decision making. There are policies what you need to obey. Somebody who has been dealing some other, let's say Central European cultures might have a shock. However Matti doesn't see bureaucracy in Russia as a great challenge. Actually according to Matti many Russians and also himself think that EU funded projects is much harder that you might face in Russia.

During his ten years experience of working with Russians Matti has never faced bribing as a way of doing business.

Successful commercial projects of the interviewee in Russia, paying customers in Russia

JAMK with the help of Matti has done some business in Russia. Customers have been private companies and state organizations (regional ministries) and to some extend also educational institutions.

Factors of successful sales of education projects in Russia

Matti believes that deals come after long time investments: to build connections, to know the people and to build the trust. Friendship is a wrong word but it is about relationship where is mutual to trust on both sides. Also from Matti's experience Russians are rather careful buyers, they want to have a good content. And sometimes it's just a question of the timing: it has to be just right time that there have been funds available.

Enablers and challenges for the projects

According to Matti there is interest for learning and making cooperation with Finnish education institutions in Russia, but the money making opportunities seem to be limited. From Matti's experience it was surprisingly challenging to convert the co-operation and good ideas into commercial activities. Excluding the year 2008, Russia has been well funded, and there has been interest in developing the education system, but the able to create projects funded by the Russian authorities have been very limited and that has been surprise.

Maybe the biggest challenge for Matti has been the phase in the beginning. If he would like to start making business in a totally new city of Russia, that would be a challenge to learn to know the right people. Assuming that he would have to start from a scratch, it would be the questions: where to start, whom to know, "who would be his postman". Matti estimates that this would take years to find right persons.

Matti doesn't know the true reasons for some failed (never done) projects but he has been told that for some reason funds were not available. Or funds have been used for some other purposes. Maybe the offer has not been strong enough. He also thinks it has been could be about the offer's content. Both cases have happened: offer competitions and some projects based on readymade network connections. Some of these deals have been just normal sales.

Current market situation on the market. Prospects of educational export to Russia in the nearest future

Matti is currently involved in ongoing projects with Russia and they also have plans for the future. Matti thinks specifically nowadays there is "a big question mark in the air". But he thinks this is a political thing, played between high ranked politicians rather than between businesses. They do still have their

networks and discussions so that is totally another story. But of course if the story continues in the negative way that might also affect the negative way in general interests to make business. Also it is known that overall economic situation of Russia has not developed in a positive way lately so also the speed of growth has slow down.

Matti would still recommend other Finnish educational institutions to penetrate Russian market because there are things what to offer and they really respect Finland and Finnish system. Finnish education has good brand. But of course if you don't have time and you are not patience don't go. But if you have time and interest and determination, then fine. It is not the easiest market to make quick deals though.

In Matti's understanding the growing area is still the healthcare sector and also vocational training because there is an interest to change education. It also depends on the region. It is very difficult to say what is the potential area because Russia is a huge market and it has different kinds of regions so what is needed in western parts of the country doesn't anymore work in eastern parts. Needs are so different. St.Petersburg is a very tough market, because everyone is there. Everyone wants to be in there, there is a lot of offering and many offers to choose from.

Important issues to be mentioned

What is learned by Matti there is a totally different way of dealing with Russians than doing things in Finland. So if one has Finnish approach s/he never makes success. Because in Finland you sell the product and you buy the product. But Russians, they don't buy products. They buy relationships, they buy the trust. And if that is OK, they might even buy the product. But even if you have the best in the world product in your hands if they don't like you, they don't buy.

Appendix 5. Notes from the interview with Person 2 JAMK (Heikki Pusa)

Cultural differences

According to Heikki it is very difficult to find new customers and make appointments with new customers unless somebody know somebody and they can give recommendation to you to contact. You can send e-mails, but they don't remember you. They will forget to answer. However the younger generation is a bit different. Those who have graduated or maybe even born after Soviet Union collapsed, they have a bit different way of working, but usually it is very difficult unless somebody is recommending. They have to know somebody who knows you then it is easier. Doors will open and they will answer to your emails. It is not anymore so like there is only older generation making decisions. Generations have changed. There are quite young and wise rectors or wise ministers in the regions. Of course that depends also to regions. They are very different from each other's.

Bureaucracy and administrative barriers in Russia

After working so long with Russia, Heikki doesn't perceive Russian bureaucracy as a barrier for doing business. He believes that having a friend from the Russian side who knows the business is making it a way easier. Then they will take care of the most of bureaucracy in Russia. Of course there is a different system of making agreements and making the bank payments, but it doesn't bother Heikki too much.

But what Russians have told themselves, and Heikki agrees too is that there are too many dealers dealing with money. Example if there is budget for developing something for 1 million Euros. Some part of that money will disappear somewhere. Too many persons or too many parties are dealing with money. Heikki thinks it can be called corruption. As an example, price what they used to build an ice-hockey arena in Russia would build 3 or 4 similar in Finland, because in Russia there is too many people taking the money from between.

Successful commercial projects of the interviewee in Russia, paying customers in Russia

The customers for the education export projects where Heikki was involved were regional development companies or city administrations and also regional administrations. For example there has been regional ministry of education and some small and middle-size companies.

Factors of successful sales of education projects in Russia

One thing that made success was that Heikki knew personally some of the persons who he has been doing business with since 1994. According to Heikki there is lot of key success factors, but one thing is that we have to trust between each other's so they will ask from me first and then they will ask others. Creating relationship is very important. Of course there have to be a good product and good ability to deliver it. And he thinks it is very important to keep contacts with clients even there is no any business happening at the moment. For example remembering their birthdays or. When they need something you have to be in their radar.

Enablers and challenges for the projects

Heikki thinks the biggest challenge is at the moment economic situation. That is difficult. Perhaps one thing is common for all Russian speaking countries. They have a bit different way of developing things. At least in those regions that Heikki has worked with. They usually benchmark and do benchmarking trips. They are not buying services. They don't have an idea, that let's buy the best thing in the world to develop their educational system. They do it more like themselves from their usable budgets. Heikki thinks they are wasting lot of money in their own bureaucracy.

And of course there is competition. If JAMK is trying to sell some business programs and there are others offering their business programs. If there is example Oxford University or MIT from Massachusetts they have a different reputation than JAMK from Finland. The biggest issue is that the budgets are very limited at the moment.

And one thing what Heikki have noticed is that in some cases there is some expectations among Russians especially in universities and regional level that they expect us to bring money. Because they have been working with some EU funded projects so then they think that we can apply money from EU and we will bring the money with us. But there is very little money from the

Russian side. And I have to say that we have spoiled some part of the market with that. They are not used to pay the whole price for the services. We have provided some nice EU funded projects and their part of the projects have been let say something about 10%. That is the problem. This is happening in some regions close to Finland. Also Heikki was in Moscow negotiating one trade in June and Russian client said when you get the money from Europe let's do it.

Heikki believes it's quite easy to make cooperation especially with Russian universities. They are very eager to make agreements, but then to make business with them are difficult. They are not so business orientated in a sense that they even would join to do business. Their minds are not ready. They are providing higher education and have some common products with some other universities. Exchange of students, exchange of teachers, but not anything on commercial bases. One thing in his opinion why Russian universities are so eager to make agreements and cooperation with Finnish universities is that they are evaluated by the Ministry of education in Russia, how many international agreements and partners they have. Usually when they are discussing cooperation they need exchange of teachers and students and some small projects where the funding comes from. Universities or EU or perhaps some cases small amount from ministry of education in Russia.

Current situation on the market. Prospects of educational export to Russia in the nearest future

Mostly Heikki's pre expectations of Russian education market came true and projects were implemented as were planned. However they have had some very potential customers especially from Moscow region, but because of this economic situation and some other "hobbies" of the Russian leaders it didn't work out. Lately they have not made so many deals. At the moment it is quite difficult to get any commercial projects.

At the moment Heikki has some small projects going on. For example they will have a group of companies coming from Russia during November. Companies are looking for business trading partners, Finnish companies from this.

Heikki thinks that at the moment it is the time to build the network and keep the contacts with the possible partners even there wouldn't at the moment any business on going. Because after this difficult situation of the economy goes over they really remember who remembered them when they had difficult times.

According to Heikki there are quite a lot of possibilities, and actually there is need for professional training for adult education institution. They need training for construction workers etc. And he thinks there is market for training workers like factories and so on. And I know for example that in the regions where there are big car manufacturers working. They have done training for this workers cooperation with local colleges and institutions and there would be possibilities to Finnish educational institutions. It is not easy, but possible. There are some possibilities. St. Petersburg is close to Europe and competition is hard there, but there are also lots of possibilities. One of Heikki's colleagues made a joke that it is a Russia for beginners. Heikki believes that there are possibilities for education export in all the Russian cities which are over 500 000 people.

Heikki knows that there are some feelings that they need training especially in educational field. But as he said earlier the problem is that there is actually no funding. It is very difficult. The budgets in universities at the moment are very tight. And he has heard that their budgets will be even cut. Even though the universities have the need for example train for their staff. They don't have the funds to do it now. If they will do some kind of training they will buy it somewhere from Russia because it is cheaper.

And one more thing what comes to his mind is that there are a lot of western companies working in Russia and in some regions it is difficult to find qualified labor force so they would need some training for the people who are they hiring. But of course the situation of markets it is difficult to brand your products. It is also very difficult time for companies also at the moment. But creating connections now to those companies in the future you can have a good market.

Important issues to be mentioned

There is Russia outside St. Petersburg. There is Moscow too so maybe perhaps Finns should check those regions too. Perhaps educational institutions have bigger chance to develop products and find clients in the regions. I know for example that in the Far East part of Russia there is a special developing ministry and they are developing their region actively. Of course it is already very far, almost in Japan, but still there is one good possibility. And of course there are a lot of discussions of northern part. There is also happening. They are utilizing their natural resources. Climate is very difficult there. One thing what we could do here in Finland is that we should be able to sell degrees. You could come to Finland, study and pay, for example study bachelor degrees or master degree. At the moment it is not possible to sell degrees to individuals. Selling degrees at the moment is possible only to groups. These groups are at the moment example one company who is offering education to their staff. That is possible. Individuals are not paying anything. Company is paying. The big money is in the education business and in bachelor or master degrees all around the world. Australia, New Zealand, England...They are making big money. And of course America. They are not only providing studies in their countries, but they are also sending their people abroad.

Appendix 6. Notes from the interview with Person 3 ECF (Katja Vuori)

Cultural differences

According to Katja there are a lot of things which can cause problems if you don't know the culture. When you even start to talk about education system or training or whatever, the language what you use, people from different countries might think about different things. They have different meanings. You really have to make sure that you are talking at the same level of understanding.

When talking about teaching and training ECF has heard quite a lot that Finnish people are not really good trainers. Finnish people tend to go and have a lecture and it is really appreciated in Finland. But in other countries they are expecting that an expert who comes from abroad is more like a charismatic person who gives speeches a bit like American style. And that is really cultural difference. Or if the Finnish expert is a bit shy to get discussions people start easily to think, that he is not such an expert eventually. So Katja has noticed experts going abroad have to be at least in some level charismatic person who can be in interactions with the client when he or she goes and train people.

Factors of successful sales of education export projects

Katja thinks there is no normal or typical project. Every project is really different. It depends how large the project is and who is the client. ECF has some clients who are in ministry level so it involves a lot of people. And then there might be example university as a client.

Thinking about preparation stage to some project it is always good that you have some kind of quite small team preparing a project so you all the time know what you have done. So some core team and they should have the technology of markets and content what they are selling for. Always in this kind of educational exports negotiations are important that one person from the team should talk with the client so trust is leading up through negotiations. Cause at the end it is really much about making some personal connection and trust. So in some projects this might take some time quite a lot, but Katja thinks that is case when the customers are companies, they are quite quick

decision makers. But it really depends how much it needs some discussions and if they are not happy with the solutions what you have then you need to go more discussions about it until you find the exact solution what pleases both sides.

Never can make big deals without going there. Travelling costs should be for sure. In education exports always you have to understand that you have to take some risks and put some money, investments on preparing. And there is that risk that you will lose the money if they will not accept the deal.

Enablers and challenges for the education export projects

Selling services is different from selling products. Selling products is quite easy. You have a product and you sell it. But in education you really have to have a process with the client that you can plan and create an education service to them. It should serve their needs. And that is one crucial phase at least from our perspective. It is the most important thing that client gets what they need. Some people know well what they need. Some people think they know, but they don't actually know. And some people they just say that it is not working, but we don't know what we really need. Usually it needs from you when you go there certain skills that you know what to ask that you can get some kind of hint what they want. It is common that a potential customer has difficulties to tell what they need. They want to see something specific. After that they can comment. OK this looks good, but we will need shorter. For opening the discussions you need ready-made product. It helps, but of course always emphasize that this is just aim and it is cured to start negotiations.

The weakness of Finland is that every resource is really small. There are quite a few people in education and if you have to take away those who are speaking only Finnish language, there is even less left. Then it is even smaller amount when you take away those people who cannot communicate and who are not charismatic. There is a small amount of right people and of course Finland is quite an expensive country so if we are selling products for normal prices for us, it feels to many Russians quite expensive.

Views on Russia

It is a huge country and there is a different kind of needs. Katja is quite sure that if ECF would have more resources it would be interesting to search a

client a bit further than from St.Petersburg, because this is the city where Finnish people always go and there is the big business. Katja thinks there are many places in Russia not yet discovered. It would be really worth full for clients all over the Russia just pick up some specific area for example. Of course you should know if there are potential customers and who would they be and specialties of that region. Our problem probably has been that we don't have enough people who could know the Russian markets well enough. We should have a person first who would know more about markets in there.

Important issues to be mentioned

If an education institution is interested to go to Russia, Katja would warmly recommend creating some kind of core group of experts. Have some kind of training or workshop where they really think about what they need from experts. What kind of skills and competences they develop, because it is not enough that they know how to make proposal or making some education product. They really have to understand the culture and who is the right persons to talk. I think in Russia is really important that labels are right and how the etiquette goes.

Finnish education system is known for its good brand. The strength of Finnish people is that they are not so commercialized. We would like to add the value to customer more and give the tools for them. We value the education and training and we really should try to sell it.

Appendix 7. Notes from the interview with Person 4 MIF (Tuija Eloranta)

They have gone forward with terribly small investments. In St.Petersburg they have only a few people working and the same thing is here in Finland. People who have been working in Russia has done work there with very limited resources. Tuija believes that it is quite respectable how well they have managed to get their own and stabile customer base what they are servicing. Also the company has gone through lot of changes inside of the organization during years. Reflecting to that fact they have had a lot of success. To mention some changes they had a merger in the company what caused a lot of turbulence especially here in Finland. The company's management has been unanimous in the sense that they want to remain Russian activities and activities in there will give results and growth someday. Because it is just a fact that there is a huge market next to Finland. They have obtained during decades unique know-how and it is not worth of throwing that away. Then again, there is this second side - exporting education. The company trains Russian business leaders or example Russian principles to which they are organizing further education in Finland. In these cases pre expectations have been met. They are pleased that they have got Russians to train in Finland. Their Russian clients are that kind of schools which are highly valued in Russia like for example Russian Academy of Economics. Our clients are also big educational organizations and educational institutions. As a summary Tuija concludes that in business side all pre expectations have not come true but in educational export side pre expectations have come true.

Cultural differences

Although according to Tuija's experience they bump into culture differences all the time, she thinks that there is no sense to underline cultural differences, because younger generation of Russian managers whom they are training or educating further in Finland are more westerner from year to year and from group to group. Their ways of work are getting closer ways how Europeans are usually doing things. She thinks nowadays cultural differences are not so big what they have used to be. Of course there are some specific cultural differences that are obvious, but they don't want to underline those in our education. They more likely try to dispel those. People easily have stereotypes

that Russians are like this and Finnish are like that, but now a days it isn't true anymore at all.

Bureaucracy and administrative barriers in Russia

According to Tuija an organization exporting services, not things, is not experiencing over-bureaucracy in Russia. Of course they have to make little bit more work example with reporting. Example when they train Russians in Finland, it requires that they write certain kind of reports. This is a little bit more that requirements are in Finland. Some Russian institutions require very fixed-form reporting what can feel maybe little bit more bureaucracy than in Finland, but not significantly.

Successful commercial projects of the interviewee in Russia, paying customers in Russia

Clients of companies' subsidiary in St.Petersburg are businesses. But here in Finland their clients are mainly public organizations like different kind of schools and government institutions.

Factors of successful sales of education projects in Russia

To make successful deals in Russia or in any other country requires providing good service. MIF is producing extra value to their customers with their services. Customer has to feel that he will get concrete advantage to make a deal.

And of course very important things are personal relationships which are emphasized in Russia very much. It is worth of effort to maintain relationships also during this kind of economically poor times. Even there would not any deals for a long time, just maintain relationships. It is too late wake up to take contacts when good times start. In Tuija's opinion this thing is really strong in Russia - Personification. Example in big academies they have specific contact persons with whom they are taking care of things. And MIF takes care that they don't forget us. Even there are no deals coming, we still contact them regularly, send Christmas card and New Year card and perhaps visit them also. It is really important thing.

And as Tuija already mentioned producing extra value to their services and to the customers will always get a good feedback from customers. Example these trainees who are educating further in Finland they are kind of a customers of their customer. If they are giving good feedback it is definitely sure that MIF will have opportunities to make deals also in future.

Enablers and challenges for the projects

The biggest challenge from Tuija's point of view is the unpredictability of Russian government, economic and political situation at the moment. They can't make any long-term plans. Or maybe they can plan, but actually it is useless, because you can't ever know what will happen after half year. So that's why they are planning everything in the short run. Challenges multiply themselves in operational activities. If they are example waiting some crucial information or programs from Russian partners, they will usually get those at the last minutes. It sets quite big requirements also to their own work in Finland. Finns have got used that everything will be scheduled and things can be implemented calmly following these readymade schedules. Working with Russians you will need "cow's nerves flexible attitude".

They have had also that kind of projects that they have made offers, but haven't succeeded to make deals from those. They have few this kind of customers with who they are making co-operation in organization level. Viral marketing is working very well in Russia. They have trained here in Finland Russians who were coming from very wide areas around Russia. Those who are coming from far away tell that they don't have similar education in their own area. So MIF has made offers to these educational organizations and administrative units which are locating far away. Quite often they haven't made deals with those. Reason is not just money. For some reason they don't understand that they could get some specific advantage from education.

Ministry of Russia has obligation to organize education to government institution staff and usually in these cases the payer is government. But if institutions have to pay themselves usually price will be the threshold question. Understanding about money has been very different. Russians might think that for the education which is organized in Finland they can reserve relatively small amount of money for hotels, food and programs. The

actual costs might exceed their vision about reality multiply times. Russians who are coming from the areas which are further from Finland are always surprised how expensive education really is. Every project what we have implemented is somehow funded. The payer has partly been someone else than Russians. It is hard to make straight deals with Russians. Money has always come partly from somewhere else. I sign the claim that we have partly spoiled Russians with projects funded by EU.

Current situation on the market. Prospects of educational export to Russia in the nearest future

At the moment MIF has an education program for Russian rectors going on. Rectors from different locations of Russia have taken part in that. After first group there will arrive still another group of rectors. During November they will educate group of Russian business directors.

Tuija and her colleagues have lately noticed that high position decision makers in Russian government organizations are changing more often than earlier. During that time when they are applying a new decision maker there is a substitute, vice director or someone who does not dare to do any kind of decisions. We have had this kind of situations. When we are taking contact and nobody doesn't answer, we have to wait when they are naming a new decision maker so we could continue taking process forward.

It was difficult to say to Tuija if it was becoming easier or more difficult to make deals at the moment, because these projects what they have going on were started to accomplish already in 2011. But somehow she has a feeling that it hasn't change any easier than before.

Important issues to be mentioned

Tuija would recommend Finnish education institutions to go to the Russian market, but stay patient. Russia doesn't disappear anywhere next to us. She would hope for more support for education export from Finnish government. At the moment it requires heavy load of work to get results. But if one only has power enough to do that long-term work, s/he will get after some day "head open" in Russia. After that viral marketing start working in there and you will start to achieve results.

It is important that Russians can find education possibilities from somewhere else than inside of Russian borders. Education possibilities will be richer in Russia if we have a chance to export it. But the paying question has to be clarified. Who are paying and to whom? Have to think very precise to whom we are offering and who could be the customers? When these things have been figured out with care and everything is ready otherwise so why not? Russia is a huge country and Finland has good reputation as an education country in Russia. In the light of every research what have been made about education we are one of the top countries. Our reputation is good. Only have to think carefully who the payer in Russia is. If Russians are excited to make trade agreements or cooperation agreements it doesn't necessarily mean that it will bring the deal for you. Must be very careful about it.

Appendix 8. Notes from the interview with Person 5 PDGE (Päivi Korhonen)

Cultural differences

Päivi believes that the influence of culture differences is overestimated. Of course there are differences, but it is not worth of being afraid of those as so many people tend to. If there is a potential buyer in Russia who wants to buy a service it's not worth of thinking of culture differences at the first place. There are differences in business culture between Finland and Russia as like there is with many other countries as well. There are also natural differences in personalities, negotiations and way of doing business, but it is part of the game. Even being an expert in Russian culture it's good to remember that Russia is anyway a very unpredictable country and nobody can't fully know or control it.

Bureaucracy and administrative barriers in Russia

According to Päivi handling the bureaucracy is the way of doing business. Of course it would causes difficulties, if someone is just taking "Do it in Russia" course in Finland and after that going to make business. To make it smoother she lets the Russian side to take care of operative bureaucracy things in Russia. It is easiest to make this way. Also doing business with services one can avoid big amount of bureaucracy what includes for example trade of goods.

Successful commercial projects of the interviewee in Russia, paying customers in Russia

PDGE has ongoing projects with Russia, for example agency business. Have to remember that excluding MIF, other Finnish operators are from the public sector. As an entrepreneur Päivi in the worst cases had to pawn her own house because of some Russian projects. In this sense she has totally different attitude and views on the business than some "Matti's and Teppo's metal company".

Factors of successful sales of education projects in Russia

Päivi thinks it is very easy to get along with Russians and make cooperation with them. She doesn't see a problem in that. The most important thing is to maintain good relationship with them regularly.

Her opinion is that firstly you have to know buying customer. That is the phase number one. It is not worth of going to Russia and start looking customers from there. You must be known already in advance who potential buyer is. And secondly choosing exporting business model with care you are safe from a few grey hairs. One of the key factors is also saleable product.

Enablers and challenges for the projects

A great challenge was for example the devaluation of the ruble in year 1998. Päivi considers commercial activities in Russia a bit like gambling in casino: you need to have chips. If one card falls down your game does not end then. Of course it demands time that you will learn Russian mentality. Päivi remembers a case from 90's when her nerves were tested. Because Finnish accurately drawn up schedules didn't match with the reality in Russia. Schedules in Russia are flexible and it is not worth of lose the nerves because of that. Big country, big tolerance.

In Russia Päivi's organization has always taken long-term strategy in use. Have to be flexible. They are using certain kind of project management model and according to that are moving forward there, although maybe it is said too strong "management model". You have to own big amount of chips to successfully operate business in Russia.

Current situation on the market. Prospects of educational export to Russia in the nearest future

Precise information on the current projects is a business secret, but Päivi can tell that at the moment their interests are such that they don't even look at customers from the public sector of Russia. Is just the same what you are selling in Russia, there is always long-term approach needed. Thinking about further vocational training in Russia for example construction industry, Päivi believes that there are workers available so cheaply and energy is so cheap that value of this kind of education is almost zero.

Important issues to be mentioned

Päivi would recommend other Finnish educational institutions to go to Russia. She states that with Finnish mentality you have best possible chances from European country to success making deals with Russians. However it is a good idea to take an agent or other equivalent in activities. According to Päivi

it is not worth of start exporting with small volume. Päivi thinks that education export in Finland is still in the very beginning phase.