One hand washes the other

A multiple Case Study about the mystery of blat and how it influences Swedish companies in Russia.

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Abstract

The purpose of this thesis is to provide information and a deeper understanding of how the Russian cultural phenomenon *blat* affects the possibility for Swedish companies to conduct business in the Russian market. In order to conduct this research, relevant aspects of the phenomenon has been demonstrated, identified and analysed in relation to culture, networks and internationalization. This thesis follows a deductive approach, as the research topic is considered rather unexplored. In an attempt to acquire deeper information, a qualitative research method provides deeper understanding how the topic affects Swedish companies.

The literature review chapter forms the base of this thesis as it includes theories related to culture, networks, the cultural phenomenon of *blat* and internationalization. Theories have formed the conceptual framework in an effort to demonstrate connections between theories. The empirical findings have been collected in order to analyse the data in relation to the theories, where the empirics drive from multiple case studies upon Swedish companies.

The analysis chapter is structured in accordance with the conceptual framework, where a discussion of the differences and dissimilarities between theories and empirical findings are included. In the following chapter, the conclusion constitutes from theory, empirical findings and analysed data. Moreover, the final chapter consist of implications, recommendations, limitations and suggestions for further research. The main theoretical implications, engage in fill the research gap and addresses *blat* in an international situation connected to social networks and culture. The main practical implications indicate that the cultural phenomenon *blat* is not a necessity for Swedish companies when internationalizing to the Russian market although it may facilitate the process. It becomes more important to understand *blat* as companies increase their market commitment.

**Keywords:** Blat; Russia; Sweden; culture; social networks; national culture; market commitment; psychic distance; trust; top management; international business; internationalization; personal relationships; corruption; bribery.
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1 Introduction

In the upcoming chapter we will provide background information as well as an introduction of blat. Moreover, the problem discussion will explain the relevance of our subject. Thereafter we present both the practical problems and the scientific research gap of the phenomenon. The final parts of the chapter will present the purpose, main research question and the underlying sub-questions, before finishing up with delimitations and the outline.

1.1 Background

Globalization aims to enforce the process towards removal of trade barriers where new low cost technology have stimulated the exchange of goods and services between nations and regions, also known as liberalization (Hamilton & Webster, 2012; Axinn & Matthysens 2002). Furthermore, international trade between countries and regions enabled companies to enter new foreign markets that in turn, increase sales profit, competitiveness and access to new products and ideas. Hollensen (2010) further argues that the development of globalization inspire companies’ to conduct international trade with foreign countries due to positive effects, thus more companies strive to internationalize their business.

The internationalization process takes time and companies need to prepare and gradually take steps towards an entrance (Hollensen, 2011; Johanson & Vahlne 1977). The internationalization process not only demands increasing commitment and knowledge but also requires learning as a critical matter for business’s (Johanson & Vahlne, 1977). Established networks facilitate the internationalization process to inaccessible and unfamiliar markets both geographical and physical since networks works as a bridge to foreign markets. Johanson and Mattsson (1988) further stresses that relations have an impact on entry mode, location and strategy when internationalizing to new markets.

Relationships between actors and customers particularly in a social network tend to affect the internationalization process and choice of foreign markets (Johanson & Vahlne 2003). Companies create new relationships to support already established networks in an approach to build long-term relationships and in turn
further develop new social networks. During the development of long-term relationship, partners get more information about each other’s strategies, organizations and resources (Johanson & Vahlne, 2003; Hardley & Wilson, 2003). Johanson and Vahlne (2003) stress the significance of commitment and trust as a vital factor, since actors’ together shapes a common interest within social networks.

The collapse of the Soviet Union increased the liberalization, which in turn reduced barriers to international trade and investments (Cavusgil et al, 2013). Furthermore, Aidis and Adachi (2007) explain that international companies which possess ties with officials and bureaucrats are seen as facilitation for business operations in Russia. Without these connections international companies might face institutional barriers when conducting business in Russia. Further, Mooij (2009) addresses culture understanding as an international barrier.

Holden (2002) describes culture as ideas, beliefs and values transferred through generations from life experience and by historical events. Hall and Hall (1990:18) define culture as “[…] everything that people have, think and do as members of their society”. In emerging markets differences in culture are more highlighted due to the dissimilar traits in comparison to more developed western markets. Mooij (2009) further stresses the importance to understand culture in emerging markets, through interacting and sustaining a healthy business operation. However, cultural differences are occasionally harder to notice by someone from the outside (Mooij, 2009).

The cultural phenomena of blat, became ubiquitous during the Russian communist era allowing ordinary people to undermine and bypass formal institutions under the communist re-distributive economy. Ledeneva (1998) further explains the term of blat as a soviet invention where the phenomenon can be traced back to the pre-communist era (Ledeneva, 1998). Nonetheless blat was considered antisocial, unfair and a way to cheat the system during the communist era (Ledeneva, 1998). Definining blat is difficult since it is used in different context. On one hand, blat works as a technique to gain access to scarce resources through relations. On the other hand, blat is about “you help me, I help you”
(Ledeneva 1998:33) where usage of informal contacts are based on trust, commitment and sympathy (Ledeneva, 1998). This has caught our curiosity and lead to the idea of this thesis concerning; providing information and understanding about the phenomena blat, and how it affects Swedish companies ability to establish and remain in the Russian market.

1.2 Problem Discussion

1.2.1 The Practical Problem

Deporting from the theories it has been expressed that the subject of culture and social networks greatly impact the success of companies in foreign markets (Zhou et al., 2007, Mattson and Salmi, 2013; Michailova and Nechayeva, 2014). Each society builds their values around patterned relationships among individual groups and organizations, from where cultural values are generated (Michailova & Worm, 2003; Bollinger, 1994). Since these patterned relationships interlink various individuals, they create social networks. By understanding these social networks companies can in turn gain knowledge about the culture, from which both present and future behaviour can be predicted (Buckley & Ghuari, 1999). Particularly in emerging markets, are social networks predominant (Michailova & Worm, 2003). This implies that in order for a firm to achieve optimal success in emerging markets they need to engage in social networks with actors in foreign market (Michailova & Worm, 2003).

The Russian market is expressed to be one of the most important emerging markets in the world (Cavugil et al., 2013). There are many different factors that influence the attractiveness of the Russian market for foreign investors (Golubeva, 2015). Still, expert’s state that foreign investors are struggling to understand the business climate on the Russian market, which emerges from factors inside the country such as political and economical limitations and cultural confusion (Kirsanov, 2013.) The Russian market must therefore be studied further in order for new entrants to avoid unnecessary mistakes due to lack of knowledge.

The cultural phenomena blat has today become a key component in cultivation of social networks within Russia (Ledeneva, 1998; Michailova & Worm, 2003). Ledeneva (1998) defines blat as social networks built on trust and commitment
between relationships that result in mutual benefits. Ledeneva (1998) emphasizes that blat provides an understanding about the structure of the Russian society, with all its restrictions and labyrinths of possibilities around them. Michailova & Worm (2003) expresses that understanding blat is of essential importance by mentioning that the phenomenon gives access to public resources through personal channels. Furthermore, blat tends to be associated with bribery and corruption where bribery sometimes occurs in the same channels as blat (Ledeneva, 1998). However, blat is embedded in personal networks where these personal networks are distinguished by altruistic friendly motives. Blat also falls into the classification of corruption although it is neither categorized as a criminal action nor illegal (Ledeneva, 1998). However, blat tends to be classified as "good" or "white" corruption (Lampert, 1984). It can therefore be argued that further studies need to be conducted regarding blat in order to understand how the phenomenon affects business operations on the Russian market.

Russia’s impressive landmass makes the country the largest in the world and ranks Russia as the 9th largest population (Flowindgdata, 2016). Currently there are 400 Swedish companies operating within different industries on the Russian market (Embassy of Sweden Moscow, 2016). This ranks Russia as Sweden’s 13th biggest export market and 7th biggest import market. Moreover, Sweden is one of the top ten foreign investors in Russia (Goluveva, 2015).

All of the above-mentioned facts indicate that Swedish companies should have an interest in whether and consequently how blat influences the way business is conducted in the Russian market. The outcome of this thesis should have practical relevance, as it may provide helpful information about how Swedish companies can enhance their performance and therefore become more successful on the Russian market.

1.2.2 The scientific research gap

A minor amount of research has been conducted giving notice to the importance of cultural phenomenon, in particular, to phenomena’s such as guanxi in China, wasta in Arab nations, jeitinho in Brazil and blat in Russia (Smith et al., 2012). Despite the current reports on cultural phenomenon, most research has been
conducted on guanxi leaving markets outside of China extensively unstudied (Smith et al., 2012). Even though blat is such an intimate part of the Russian culture, studies on the phenomenon has remained very limited (Michailova & Worm, 2003; Ledeneva). The reason why this phenomenon has remained unstudied is unclear but Butler & Purchase (2004) speculate that it is due to the vague relationships and the imperceptible character of blat. However, it appears that research regarding blat in relation to international business is absent.

Research until this point has primarily been addressed from two main areas. The first main area that exists on blat largely focuses on defining the phenomenon, historically tracing blat to its origin and explaining the role of blat in the Russian society (Ledeneva, 1998; Smith et al., 2012). The second area blat has been studied from is social context. Studies conducted from this viewpoint explain the importance of personal networks in Russia, where people in everyday life use these networks and therefore the phenomenon as a tool to satisfy basic needs (Michailova & Worm, 2013; Butler & Purchase, 2004; Mattsson & Salmi, 2013). This shows that no previous research has been made on the topic of blat in relation to international business from a Swedish perspective.

Previous research has left a theoretical gap about the effects blat has on international business, which determines the direction of this study. By focusing this thesis on examining the importance of blat from the angle of Swedish companies doing business in Russia, we believe that the results from this study will contribute to filling the gap of existing theoretical research. More specifically, we are of the opinion that this study will provide a deeper understanding about the Russian cultural phenomenon of blat in relation to international business.

1.3 Problem definition

We have found that there is a knowledge gap in the existing research regarding the importance of blat in international business. We have also established that a deeper theoretical framework needs to be conducted on the topic of blat in order to more efficiently pattern the way of conducting business in Russia. Hence, the outline of this thesis may therefore be of practical interest for managers and
expatriates, mainly in Swedish companies but also for companies outside of Sweden, that have the intention to establish, or are already conducting business in Russia. For this reason, in order to get a deeper understanding about the affects blat has on Swedish companies operating in the Russian market, we have chosen to divide the research questions into one main research question and two sub-questions.

**Main research question:**
Deporting from the discussion and definition of the Russia phenomena blat, the following research question has been developed:

*How are Swedish companies affected by the Russian phenomena blat when conducting business in the Russian market?*

**First sub-question:**
The first sub-question support in answering the first the main research question by analysing the affect blat has on Swedish companies’ ability to establish social networks with their Russian counterparts:

*How does culture affect Swedish companies’ ability to establish social networks with their Russian counterparts?*

**Second sub-question:**
The second sub-question further support in answering the main research question by analysing how blat affects Swedish companies within their internationalization process in the Russian market:

*How does blat affect Swedish companies within their internationalization process in the Russian market?*

**1.4 Purpose**
The purpose of this thesis is to acquire a deeper understanding of how the Russian phenomenon blat as an exceptional cultural phenomena affects Swedish
companies’ business operations in the Russian market. By discussing and examining *blat* the components can be defined, which will help analyse how the phenomena affects Swedish companies’ ability to conduct business in the Russian market. This thesis will be done through investigating the influence that culture has on Swedish companies’ ability to conduct business through social networks in Russia. Moreover, the context of this thesis aims to guide Swedish companies that will enter or are already established on the Russian market.

### 1.5 Delimitations

This thesis is limited to only investigating how *blat* affects Swedish companies that have been established in the Russian market for minimum eight years. This requirement indicates that the companies are well established in Russia, and that the respondents have knowledge regarding the Russian culture and thus the way business is conducted there, which secures the credibility of the interviews. The empirical data will therefore transpire from Swedish business-to-business companies within production industries that have experience of the Russian market. The thesis will not be examined from a Russian perspective, since the thesis drives from Swedish companies operating in Russia, thus acquire experience about the cultural phenomenon of *blat*. Hence, Swedish companies not present in the Russia market lack knowledge about *blat* and how to conduct business in Russia. Moreover, Russian companies would provide a different angle since they do not experience the cultural differences and therefore already be familiar with *blat*. 
1.6 Outline

Chapter 1

- **Introduction**
  This chapter will introduce the background in connection with the topic, followed by a problem discussion about practical problems and the research gap. The final part will present the research questions and the purpose, followed by delimitations and an outline of the thesis.

Chapter 2

- **Literature review**
  In this chapter we will provide the reader with the relevant literature that will be used in order to analyse the empirical data regarding the topic in this thesis.

Chapter 3

- **Methodology**
  In this chapter we will present the methodology, followed by our choice and motives for methodology that we found relevant to be able to finalize our research.

Chapter 4

- **Empirical findings**
  In this chapter will we present our empirical data findings that will be displayed for the reader and be the foundation of this study.

Chapter 5

- **Analysis**
  In this chapter we present the analysis, where we connect the empirical findings to the theoretical framework together with our own analysis of the topic. Where we compare similarities and dissimilarities and discuss what we have found from the empirical in comparison to our own findings.

Chapter 6

- **Conclusion**
  In this chapter we summarize the main arguments and implications of both practical and theoretical nature, based on findings from the analysis. In brief, this will enable us to answer our main research question and the underlying sub-questions. Finally we present our recommendations and suggestions for future research about the subject.
2 Literature Review

In this chapter the theoretical framework will be presented, which forms the foundation of this thesis. First, culture and cultural differences in conjunction with Russian national culture are introduced, followed by aspects regarding social network. After that the Russian cultural phenomenon of blat will be described, followed by theories regarding the internationalization process. This chapter is finalized with a conceptual framework, describing connections between theories and aspects.

2.1 Culture and cultural differences

One of the oldest definitions of culture is provided by Tylor (1865:23) where “[…] all capabilities and habits learned as a member of a society”. Furthermore, Linton (1936) defines culture as a social heredity, whereas (Kroeber & Kluckhohn, 1952; Triandis, 1972) defines culture as patterns of behaviour acquired and transmitted not only by symbols, norms and attitudes but also from human groups within the population. Furthermore, researches have provided different ways to identify and understand culture with all its complexity and richness (Geertz, 1973; Matsumoto, 2000; Hofstede, 2010).

In order to provide a greater understanding it is possible to divide culture into two elements, these are objective and subjective elements of culture (Matsumoto, 2000; Kroeber & Kluckhohn, 1952; Triandis, 1972). Objective elements consist of materials and things possible to see, touch and smell. Subjective elements are harder to identify since they are untouchable and invisible for the naked eye. The main research focus has been on subjective elements where different analysis have been applied since subjective elements explicit the force of domains and dimensions (Matsumoto, 2000).

Domains refer to specific socio psychological characteristics and profound meanings through cultural phenomenon’s in form of norms, attitudes, values, beliefs and rituals (Matsumoto, 2000). Further, dimensions refer to tendencies affecting behaviour, which reflect more meaningful and understandable aspects of culture. Moreover, it is possible to measure both domains and dimensions in psychological research where
research tends to be more challenging identifying meaningful dimensions than domains (Matsumoto, 2000).

2.1.1 Dimensions and national culture

Dimensions can be divided into different research angles where the most known and studied dimension of cultural variability is the ‘individualism – collectivism’, explaining differences between cultures (Triandis, 1972; Hofstede, 1980; Trompenaars, 1997). However, it is important to use different dimensions to understand culture in different countries. There are numerous of dimensions formed on cultural variability between countries. Mudler (1976,1977) elaborated 'Power distance’ that in turn, Hofstede (1980) later used to examine differences between powerful and less powerful individuals. Hofstede (1980) also proposed variables such as ‘uncertainty avoidance’ and ‘masculinity’ to suggest different dimensions to improve understanding of differences in culture. In order to understand and trace national cultural differences that exist between Russia and Sweden, researchers (Hofstede, 1980,2010; Trompenaars, 1997; Matsumoto, 2000) advocate using the four dimensions which are presented below together with two additional dimensions. Hofstede (2010) argues that these dimensions are important in order to understand national differences between cultures.

1. Individualism versus Collectivism (INV) is the degree defining a member of a society where low individualism characterizes a collective society integrated in groups. The degree of individualism also defines self-image of members.

2. Power distance (PDI) is the degree of power distribution where the levels of acceptance and expectance of unfair power are demonstrated within the society.

3. Masculinity versus Femininity (MAS) is defined upon motives of competitive or less competitive societies, also distinguished as tough and weak cultures.

4. Uncertainty avoidance (UAI) is the degree of a member’s confidence to feel uncomfortable with uncertainty and ambiguity.

5. Long-term orientation (LTO) is defined as maintaining linkage with the past, the coalition present and the future to cope with different challenges to come.

6. Indulgence versus Restraint (IND) is the degree to what extent a society allows free gratification of both basic and natural human needs, whereas restraints subdue gratification of needs as well as regulates them through strict social norms.
2.1.2 Russia versus Sweden

To further understand culture in Russia it is necessary to apply Hofstede’s (2010,1980) six dimensions of culture to examine differences between Russia and Sweden.

![Chart showing cultural dimensions comparison between Russia and Sweden](chart.png)

**Fig 1. Own figure with data collected from Hofstede centre (2015)**

*Individualism versus collectivism (INV)*

The result refers to the degree of interdependency in a society among its members. Russia scored a low 39 whereas Sweden scored 71, which implies that Russia is a rather collectivistic society (Hofstede centre, 2015). Members of the Russian culture integrate in relations where personal connections are based on loyalty, authentic and trustfulness. On the contrary, Sweden is more influenced by individualistic values, where members are expected to take care of themselves.

*Power distance (PDI)*

Russia scored an exceptionally high 93, indicating a vast distance between power holders and the rest of the society. This is due to extreme centralization where almost all foreign investments are located in Moscow region (Hofstede centre, 2015). Furthermore, the distance between powerful and less powerful actors reflects that status is an important factor in the Russian society. The importance of status is also essential when conducting business in Russia due to a clear top-down system. Having said that, Sweden scores a low 31, which demonstrate a more equal power distribution, where independency and equal rights among people allow a more individualistic society (Hofstede centre, 2015).
Masculinity versus femininity (MAS)

Russia’s score of 36 indicate a masculine society driven by competitiveness and performance where success is determined by achievements throughout the lifetime. On the other hand, Sweden scores 5 indicating them to be strongly influenced by feminine values. In brief, Swedish societies strongly value everyone’s involvement and consensus (Hofstede centre, 2015).

Uncertainty avoidance (UAI)

In this dimension Russia has one of the highest score 93, due to the fact that Russians feel threatened by ambiguous situations. Russia does also have one of the world’s most complex bureaucracies, where everything is extremely detailed (Hofstede centre, 2015). On the other hand, Sweden scores a low 29 indicating Sweden to have a more relaxed attitude about formalities and structure where norm breakings are less important (Hofstede centre, 2015).

Long-term orientation (LTO)

Russia has a pragmatic mindset, which also reflects the score of 81. Societies with pragmatic orientation, not only relay on the present situation, time and context but also on investing in modern education as well as future prospects. This makes the Russian society value thriftiness and perseverance. On the other hand, Sweden score of 53 tend to be neither long nor short-term orientated. Nevertheless Sweden is closer to be more normative compared to Russia, which aims to maintain long-term traditions and norms (Hofstede centre, 2015).

Indulgence versus restraint (IND)

Regarding this dimension, Russia tends to be more orientated towards a restraint society where tendency to cynicism and pessimism are visible due to the low score of 20. Restraint is indicated by its relative strong control over desires and norms, whereas indulgence societies are indicated by less control over desires and norms. Sweden’s score of 78 indicates them as an indulgence society with less control over desires and norms (Hofstede centre, 2015).

Data provided by Hofstede centre (2015) demonstrate the main differences between Russian and Swedish cultural dimensions. The major cultural differences discovered between Russia and Sweden is predominant in power distance, uncertainty avoidance and in indulgence versus restraint. Even though Russian
culture differentiates itself from Swedish culture in all aspects, it is particularly distinguished in these three dimensions. Furthermore, Russia scores high numbers in masculinity and long-term orientation and low numbers in individualism and indulgence. This indicates Russia as a hierarchical collective society with high uncertainty avoidance and masculine values where pragmatic thriftiness together with restraint to desires and norms are predominant in Russian culture (Hofstede centre, 2015).

2.2 Networks

Jansson (2007) writes that every society is divided into different social groupings that evolve, form and interlink various networks. These patterns of network can further be connected with relationships between countries (Johanson & Vahlne, 2003). Networks can help companies obtain useful market knowledge and create opportunities that are considered critically important to the companies’ level of success in a foreign market. Ojala (2009:3) further describes networks as “common interest in developing and maintaining relationships with each other in a way that provides them mutual benefits”.

Ojala (2009) stresses that networks can be divided into business networks and personal networks. Business networks are developed from interaction with actors in an organization such as banks, the government or the chamber of commerce and are related to financial sources. Furthermore, business networks are argued to influence companies’ choice of market selection as well as the internationalization mode (Zain and Ng, 2006; Holm et al., 1996). The personal networks are developed from social interaction with individuals such as other business actors, friends and family members, related to social sources. Personal networks are argued to influence the market entry and help companies overcome barriers on the foreign market (Ellis and Pecotich, 2001).

It has been established that Russia is one of the most relationship focused societies in the world (Michailova & Worm, 2003). In fact, there is a mutual belief among Russians, assuming that in order to become successful in business in their country, managers must build relationships with the right personal connections and the appropriate authorities. This is due to that building
relationships is considered more important than both the price and the quality of the product or service that is being offered. Furthermore, previous research has emphasized that Russians are fond of engaging and developing close long-term personal relationships (Butler & Purchase, 2004). These long-term personal relationships are built on trust and commitment and could be used for personal gain in business operations.

Trust has become essential when developing personal networks in Russia due to that formal structures lack in providing guidance and regulation for human and organizational behaviour (Jansson 2007). Moreover, trust is a central part in the cultural phenomena blat, which is regarded as informal social networks constituted from personal relationships (Ledeneva, 1998).

2.2.1 Social networks

Björkman and Kock (1995) write that social networks are networks of individuals engaging mainly in private exchanges that are non-business related, but have high potential to develop into information and business exchanges. Social networks are built on personal relationships and have a high potential to influence formal business relationships as well as issues related to business. A social network includes relationships of a social nature that an actor has with friends and family as well as with government officials and business professionals. Birley (1985) write that social networks could be divided into formal and informal networks where formal networks may take the form of institutional character whilst informal networks represent more personal relations. Ibarra (1993) states that the content of these informal networks are, in comparison to formal networks, considered much broader and is therefore very likely to be supportive in business associations.

Derived from prior literature it is argued that acquiring social networks, in particular informal social networks, supports the existence of links between members within a country but also between country borders (Zhou et al., 2007). Social networks can therefore influence the internationalization of a company and thus the way a companies establishes itself on the foreign market. For internationalizing companies it is critical to be involved in social networks as they
have a tendency to reduce barriers regarding culture, rules and geographical distance (Salvador et al., 2014). Danis et al., (2011) directs additional importance of social networks towards business activities in emerging markets, rather than in developed economies. Mattsson and Salmi (2013) stresses that social networks can help non-Russian companies gain understanding about the characteristics of the Russian society, as well as how business is conducted, which may consequently contribute to the process of building long-term success in the Russian market.

Research done by Michailova and Nachayeva (2014) conclude that one of the most prominent influences of a company’s success on the Russian market is the establishment of social networks. When doing business in the Russian market one has to understand that formal networks derive from informal networks and that there is an overlap between them. Jansson (2007) write that in order to qualify for a chance of getting business in the Russian market, actors have to engage in informal events such as dining and playing golf together. Building informal social networks requires a lot of time but once a relationship is established it undergoes a process of mutual adoption, which evolves into trust, information exchange, uncertainty reducing, problem solving and network sharing (Mattsson and Salmi, 2013). Michailova and Worm (2003) further emphasize the importance of establishing social networks with Russian counterparts on the Russian market as they may facilitate circumstances arising due to bribery and corruption.

2.3 Blat: a cultural phenomenon

Blat is virtually impossible to translate into another language due to the intimate part of the Russian culture and would therefore only be awkwardly rendered in a different language (Ledeneva 1998; Michailova & Worm, 2003). Blat can be understood as the exchange of favours in times of shortage of goods and services in combination with a difficult political system, where people were forced to use personal relationships to obtain these resources (Ledeneva, 1998). Personal relationships eventually grow into blat networks where favours and mutual support happened routinely. Further, blat serves the needs of personal consumption in a place where people trusted upon ties in their networks and personal relationships in form of ‘sharing’, ‘helping out’, ‘friendly support’ and
‘mutual care’ (Ledeneva, 1998; Michailova & Worm, 2003). Ledeneva (1998:1) defines blat as “[…] use of personal networks and informal contacts to obtain goods and services in short supply and to find a way around formal procedures”.

2.3.1 Development of blat

In order to further introduce the phenomena of blat there is a need to trace it back to its roots. The historical meaning of the word, blat can be found in Russian dictionaries around 1930 (Ledeneva, 1998). The word itself heritage from Poland, meaning ‘someone who provides an umbrella, a cover’ that in turn has been acquired from Jewish, meaning ‘close familiar’ (Ledeneva, 1998). The first Russian translation of the word refers to criminal activities, although these were seen as smaller crimes such as theft in the early 20th century. During the early Soviet era the phrasing ‘po blatu’ was spoken as an illegal manner. However, ‘po blatu’ translated to ‘by blat’ has in the current meaning evolved to the more accepted term ‘by acquaintance’. This meaning of blat has become a way to obtain or arrange resources, information and services thought connections, rather than the association as a criminal action or manner (Ledeneva, 1998; Michailova & Worm, 2003).

2.3.2 Positive effects

Blat has helped people in Russia to survive during the post-Soviet Union era by developing social networks and long-term personal relationships. Further, people used the phenomenon to obtain resources in scarcity that in turn improved their living standards (Ledeneva, 1998).

2.3.2.1 Personal networks and blat

It is important to differentiate personal network from blat network since blat networks not only speaks about personal connections but also about access to public resources and intangibles (Ledeneva, 1998). Blat networks could be both narrower and wider than personal networks due to intimate and non-intimate ties. Furthermore, blat networks are not necessarily active all the time but instead activates when a need arises (Ledeneva, 1998).

The structure of blat networks is of significance where it is divided into two structural forms, horizontal and vertical. The difference between the two structural forms is based on status and values, where horizontal structure consists of people
with similar values and status also referred as the inner-circle. In contrast the vertical structure consists of people with dissimilar status and values referred as useful people. For a person to be able to integrate in the inner circle, one either needs to be part of the same group or receive an introduction into the circle from one of its members. In the case of useful people supply and demand creates connections between actors (Ledeneva, 1998).

2.3.2.2 Social resourcing

*Blat* can be seen as a social resource where the possibility allows you not only to utilize your own *blat* network but also their external networks (Ledeneva, 1998; Michailova &Worm, 2003). This can be noticed when there is a dyadic network between A and B however, B can also have a dyadic network with C. Thus, Michailova and Worm (2003:511) clarifies it as “A has an obligation to directly, under “*po blatu*” to render a favour to C and vice versa”. Therefore, Russian people have a widespread belief that obtaining personal networks and engaging in long-term relationship is essential to success in both private life and business operations (Ledeneva, 1998; Michailova & Worm, 2003).

2.3.3 Negative effects

In order to understand the phenomenon of *blat* it is necessary to examine both positive and negative effects, where the negative effects of *blat* are associated with bribery and corruption (Ledeneva, 1998).

2.3.3.1 Bribery

*Blat* has in some context been associated with bribery however Ledeneva (1998) defines the connection through *blat* as long-term relationships or business associations linking actors together, whereas in bribery only the bribe interlinks them. Hence, bribery is a more dangerous practise and has a more cynical quality than *blat* (Ledeneva, 1998). Bribery is seen as a conflict of interest while *blat* is more about personal relationships and mutual support relying on trust rather than compensation. Furthermore, *blat* relies on the use of personal network where continuity and hospitality act as motives (Ledeneva, 1998).

2.3.3.2 Corruption

Corruption is the use of public resources for private advantaged (Ledeneva, 1998). *Blat* cannot neither be considered illegal nor criminal however, it sometime falls under the category of white, good and ambiguous corruption (Lampert, 1984;
Ledeneva, 1998). Corruption is more about the bureaucracy while blat is about ordinary people (Ledeneva, 1998).

2.4 Internationalization

Internationalization demonstrates how companies expand into a foreign market where the fundamental reason is to gain profit (Hollensen, 2010). Before entering there are different motives triggering the internationalization of a company, where motives can either be proactive or reactive. Proactive motives are based on aspiration and companies’ interest in internationalizing whereas reactive motives act on demands from the international markets or pressure from the home market. Further, Hollensen (2010) stresses the importance of both internal triggers such as managers’ general interests and inadequate demand in the domestic market, as well as external triggers such as foreign demand (Rundh, 1994).

Furthermore, when companies internationalize there are different obstacles hindering the process such as lack in connections, in export commitment, in capital, in channels of distribution and in knowledge (Hollensen, 2010). In relation to the mentioned obstacles, Johanson and Vahlne (1977) address psychic distance as a major factor preventing the flow of information between the company and foreign market. These factors are shown as differences in language, culture, political system and level of education. Johanson and Wiedersheim-Paul (1975) further address, psychic distance to be correlated to geographic and cultural distance.

Johanson and Vahlne (1977) patterns the internationalization process of Swedish companies as increasing foreign involvement where these are based upon the level of commitment but also on psychic distance. To better understand the internationalization process, the Uppsala model helps researchers to follow companies internationalization process from the first step of involvement towards fully integrated involvement (Johanson & Vahlne, 1977; Johansson & Wiedersheim-Paul, 1975).
2.4.1 The Uppsala model

The Uppsala model is also known as the stage model, where the internationalization process occurs gradually through increased commitment and involvement in foreign markets (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977; Knight & Liesch, 2002). There are two different directions towards internationalization. On one hand it concerns successive establishments in new countries and on the other hand increasing involvement and commitment in an already established individual country (Johanson & Vahlne, 1977).

The fundamental parts in the internationalization process according to Johanson and Vahlne (1977) begin with sporadic exports then later exports via an agent, followed by establishments of subsidiaries and eventually production and manufacturing within the foreign country. Moreover, Johanson and Wiedersheim-Paul (1975) explains that for each step, companies successively not only increase resources and market commitment but also acquires market knowledge and experience.

Further, Johanson and Vahlne (1977) address different aspects concerning market commitment and market knowledge. Johanson and Vahlne (1977:27) define two composing factors of market commitment as, “the amount of resources committed and the degree of commitment”. Johanson and Vahlne (1977) further explain that the degree of commitment increases due to more integrated resources. Moreover, Johanson and Vahlne (1977) address the importance to possess market specific knowledge, defined as knowledge about the national market and its characteristics where market knowledge further refers to cultural patterns, business climate and market structure.

2.4.2 Psychic distance

In relation to the Uppsala model, psychic distance discusses issue with different factors preventing the flow of information between the domestic and foreign market (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). Where factors such as cultural differences, language barriers, and political systems prevent the flow of information. Further, psychic distance is also correlated to the geographic and cultural distance (Johanson & Wiedersheim-Paul, 1975; Johanson
& Vahlne, 1977). The concept of psychic distance has in contemporary studies been divided into three clusters, where these are categorized as geographical, cultural and psychical distance (Ojala 2015).

The geographical distance is the general concept of distance between two markets, commonly between the domestic and foreign market. Dunning (2001) explains that a wider space between the domestic and foreign market increases cost and time that in turn, lower profit due to commercial transactions.

Ojala (2015:827) address cultural distance as “[…] differences between groups of people regarding values, communication styles, and stereotypes”. Further, Håkanson and Ambos (2010) mention that the cultural dimension has in extensive range been used in international business literature. Cultural distance does in some extension effect companies negatively, impacting the risk-taking level of small and medium sized companies due to significant uncertainty avoidance and power distance in foreign countries (Kreiser et al., 2010).

Psychic distance is the differences between language, politics, education and economic situation. Further it encompasses the distribution of information flow between the domestic and foreign market (Håkanson and Ambos, 2010; Ojala, 2015).

2.5 Conceptual framework

The literature review has shown that blat has a fundamental effect on the ability to create networks and the Russian culture. The relation between blat and culture is dominant in how people are establishing long-term relationship as it is rooted in personal networks. On one hand blat has a tendency to help and to make life easier for various people. According to the literature there has not been many studies conducted on the subject however, it is important to be aware of the phenomenon blat when doing business in the Russian market. Additionally, culture in Russia is greatly different compared to Swedish culture, especially in power distance and uncertainty avoidance. Understanding Russian culture facilitates the process of establishing social networks and personal relationships.
with Russian counterparts. Furthermore, *blat* can be addressed as a fundamental part of the Russian culture.

The conceptual framework demonstrates how Russian culture and networks effect Swedish companies ability to conduct international business in Russia. The conceptual framework further describes how the phenomenon *blat* influences every operation in the Russian market. In turn the framework demonstrates how psychic distance and market commitment effects companies ability to maintain in the Russian market. Also, the framework shows that by understanding *blat* bribery and corruption can be separated from business operations in Russia.

![Conceptual Framework](image)

*Fig 2: Conceptual framework. Created by the authors of this thesis*
3 Methodology

In this chapter we go through and explain the methodological framework used in this thesis. This chapter begins by describing the appropriate approach and research method followed by the research design and collected data. Thereafter, differences between primary and secondary data are explained. Furthermore, operationalization and data analysis allow the reader to perceive how the collected data have been gathered and how to ensure validity and reliability. Lastly, concluding the chapter by describing ethical issues and criticism about the study.

3.1 Deductive approach

When describing the connection between theory and empirical data there are two traditional approaches when conduct a scientific research, known as inductive and deductive approach (Holme & Solvang, 1997; Ghauri & Grønhaug, 2010). The inductive approach drives from empirical data, whereas deductive approach drives from theory.

The deductive approach is associated with less uncertainty and risk, as the observations are drawn from logic processes based on the general set of known premises (Ghauri & Grønhaug, 2010; Alvesson & Sköldberg, 2009). There are similarities between inductive and deductive approach however, deductive approach is based on already existing knowledge and theories connected to the subject and empirical scrutiny (Ghauri and Grønhaug, 2010; Bryman & Bell, 2015). Moreover, Holme and Solvang (1997) formulate the development of a deductive approach to be easier to explain due to formalisation. In order to demonstrate the connection between the empirical data and the theoretical framework, the deductive approach need to be operationalized (Holme & Solvang, 1997).

This thesis drives from the theories rather than empirical findings suggesting an adoption towards the deductive approach, as it appears most suitable. Furthermore, due to lack of past research we consider establishment of theoretical framework first and then connect it to the empirical findings as the most suitable approach in order to observe patterns between theories and empirical data.
3.2 Qualitative research

In addition to the approaches it is fundamental to consider the right research method (Holme & Solvang, 1997; Kumar, 2014; Bryman & Bell, 2015). The fundamental structure of traditional research methods is divided into either qualitative or quantitative research, where the main differences are found in the unit’s analysed (Holme & Solvang, 1997, Kumar, 2014). Denscombe (2010) explain that qualitative methods tend to be conducted in smaller scales whereas quantitative methods more often are conducted on larger scale studies. Furthermore, this indicates that the less formalized qualitative method is more suitable for studies conducted upon understanding a certain phenomenon (Holme & Solvang, 1997). Qualitative research method aims at locating smaller details and cover deeper into the empirical data than quantitative research method. Therefore are this thesis driven from a qualitative research method in order to locate smaller details and deeper information. Where using a deductive approach and qualitative method departing from theory offers the most suitable approach and method for this thesis (Denscombe, 2010; Kumar, 2014).

3.3 Research design

The research design describes how the thesis will be conducted (Ghauri and Gronhaug, 2010). Furthermore, the research design is also described as the overall strategy linking parts together. Moreover, the research design explains how to collect data and implement it on the analysis. In brief, the research design can be defined as a framework, which has been formed to find answers to the research questions (Holme & Solvang, 1997; Denscombe, 2010, 2016; Kumar, 2014).

There are different techniques when conducting qualitative research. The predominant studies are case studies, surveys and interviews (Yin, 2014; Kumar, 2014). In the situation of multiple case studies (Denzin, 2011) describes multiple case studies as the choice of what to be studied in contrast to research based on the methodology. Furthermore, Merriam (2009) stresses that qualitative case studies are more applicable in order to provide a concentrated insight, interpretation and discovery rather than a hypothesis. Yin (2014) further argues that multiple case studies are more appropriate when thesis aims to explore a
phenomenon. Yin (2014) stresses the importance of using multiple case studies to get detailed understanding regarding a phenomenon.

The most suitable design for this thesis would therefore be a multiple case study. This offers possibilities to elucidating different aspects upon the subject and how these are interrelated in a deeper analysis (Denscombe, 2010, 2016; Yin, 2014). Therefore a multiple case study is the most suitable design as it provides beneficial aspects to this thesis.

3.3.1 Case study design

Merriam (2009) write that there are two different types of case study designs. Therefore, it is needed to decide upon whether using a single case or a multiple case design (Yin, 2014). Single case studies involve solely one case, which in turn embeds subunits to the total of a case (Yin, 2014). Multiple case studies on the other hand are organized around several different cases (Yin, 2014). (Denzin, 2011) writes that each individual case within the multiple case study share common characteristic, which makes all the cases someway bound together (Denzin, 2011). Yin (2014) argues that the study of multiple cases is considered to be more competing and thereof more robust analytically than those coming from one single case (Yin, 2014). Single case studies have the requirement that the research must be unique to one single case, which is not the situation regarding the phenomenon that is investigated in this thesis. Choosing a single case design would possibly disclose the outcome to be rather limited for this thesis. For the above-mentioned reasons, we determined that a multiple case study would be preferable for this thesis, as it will give a wider analytical perspective to the thesis. The number of cases in this thesis where determined by the accessibility of companies, which is five. Five cases will contribute the most explicit outcome of this thesis.

3.3.2 Purposive sampling

Before any data is gathered for the identified problem, the researcher needs to select the cases that ought to be studied (Silverman, 2006). This basic selection is called sampling and is divided into probability and non-probability sampling (Merriam. 2009). The basics of probability sampling are that the cases are selected randomly, which allows the researcher to generalize their statistical findings. For
this reason, probability sampling is not justifiable for a qualitative research (Merriam, 2009). As qualitative research does not aim towards measuring the frequency of a phenomenon but instead it focuses on understanding what occurs to it, Merriam (2009) recommend using non-probability sampling. Additionally, non-probability sampling is the most common form of purposive sampling. Furthermore, by using purposive sampling it is possible to deliberately seek out individuals, settings and groups that are most likely to be of importance in the study (Silverman, 2006).

Based on the above-presented definitions, recommendations and arguments, we have adopted a purposive sampling strategy when selecting suitable companies and respondents for the primary data collection of this thesis. When using a purposive sampling strategy there has to be determined criteria’s that will be applied on the selection process (Merriam, 2009). The purpose of selecting criteria’s is to limit the sampling of participants to those whom the criteria apply to (Silverman, 2006). We have therefore developed criteria’s that are based on the research questions in order to facilitate the selection process of finding the right companies and respondent. The developed criteria’s for this thesis are following:

The companies must:
1. Be Swedish.
2. Be active on the Russian market.
3. Have conducted business in the Russian market for minimum eight years.

The respondents must:
1. Have familiarity and experience of Swedish culture and the way business is conducted in Sweden.
2. Have experience of working with actors in the Russian market.
3. Have some kind of position in the company that implies being involved with the operations in Russia.
4. Have experienced the Russian culture.
5. Have visited Russia at some point during their operations on the Russian market.
3.3.3 Cases

Based on the established criteria’s in the above mentioned section the following companies and respondents were found and selected:

1. Arenco AB

Arenco, founded in 1877 in Kalmar, Sweden was previously incorporated in Swedish Match. The company manufacture and sell complete production lines and spare parts for the fish processing, match making and packaging industry, worldwide. Today, more than 400 match making machineries have been produced. Arenco has their head office situated in Kalmar with 20 employees working there at the moment. Arenco has some production in Kalmar but most of the manufacturing is done in their factories in Shanghai, China. The company is mostly active in Russia, Chile, Peru and India whom our interview respondent Richard Johansson have contact with once a week for various reasons.

Richard Johansson, who was present during the interview at the head office in Kalmar, has been employed at Arenco since 1968 and is currently working as a sales manager in charge for most markets, including Russia. Johansson mentions that the company has been conducting business on the Russian market since 1930. Moreover, Johansson has lived in Russian for several years and speaks fluent Russian.

2. Anonymous company A

Company A is a big Swedish company founded in in the early twentieth century, which manufactures medical equipment for hospitals. The company is highly international acting on the worldwide market and has been active in Russia since the early eighties. The head office is located in Stockholm, Sweden and the total unit of employees in the company is around 6000 people, worldwide.

Respondent X, who works as a sales manager, has been employed at Company A for around three and a half year and is responsible for Eastern Europe, in which the Russian market plays an essential role for the company. Respondent X does not speak Russian fluently and has only visited Russia once. The interview was held over the phone with respondent X.
3. *Heatex AB*

Heatex is a Swedish company that was founded in 1960 and has their head office located in Malmö, Sweden. The company manufacture heat exchanges used in ventilations, wind power and telecom, which makes them one of the foremost technology leaders of air-to-air heat transfers. Heatex has sales representatives in South America, Asia and Europe, categorizing them as an international company.

The interview was conducted at the firm’s head office in Malmö with Elena Sjödin, who works as a product marketing manager at the company and has three and a half years of working experience with the Russian market. Sjödin is originally from Russia and speaks fluent Russian. Due to her heritage and previous employments at other Scandinavian companies acting towards the Russian market, Sjödin holds much knowledge about Russian culture and experience on how to conduct business in the Russian market. Sjödin mentioned that Heatex has been active on the Russian market since 2007. However, at this moment the Russian market is not prioritized.

4. *Norden Machinery AB*

Norden Machinery was founded in Kalmar, Sweden in 1980 and has been active on the Russian market since the middle nineties. Norden Machinery is world’s leading supplier of high-performance tube filling systems with over 1400 costumers dispersed over 60 countries, making them a highly international company. Norden Machinery is a part of the Italian based industrial concern COESIA-group, consisting of high technological industrial companies around the world. The headquarter is situated in Kalmar, Sweden, and consist of 250 employees from 10 different nationalities.

Magnus Nilsson who works as sales manager in charge for the Russian market was present during the interview, which took place at the head office in Kalmar. Nilsson does not speak Russian but has been in Russia multiple times. Nilsson usually visits Russia twice a year for business purposes in order to maintain important customers.
5. *Orbit One AB*

The Swedish company Orbit One was founded in 1960 and manufactures circuit boards and electro mechanics. The company’s head office and a production factory is situated in Ronneby, Sweden but they also have operations in Poland and Russia, assembling a unit of 670 employees. Furthermore, the company delivers actively to customers all over the world and has a turnover just under a billion Swedish crowns.

Mats Johansson is the president and CEO of Orbit One and has been actively involved with the company’s operations in Russia, ever since they set up their factory in 2006. Johansson has a lot of experience with the Russian market because he was present and lived in Russia during period of time. Furthermore, Johansson is not fluent in Russian but withholds a vocabulary of 500 words that he uses in both business and social situations. Johansson was present during the interview that took place at Orbit One’s head office in Ronneby, Sweden.

3.4 *Data collection*

Merriam (2009) defines data as fragmented information that can be found and is available for collection in the surrounding environment. The data that appears in a research can take form of measurable and concrete, which comes from information such as number of attendants at an event, or the form of intangible information, which comes from feelings. The two different modes of procedure collecting data through are primary and secondary data collection (Ghauri & Grønhaug, 2010). It has been argued by Ghauri & Grønhaug (2010) that primary data provides more relevant information for research of a specific problem, which has resulted in our decision to establish the majority of our empirical findings, based on primary data collection. Furthermore, a marginal amount of secondary data has been used in order to establish a comprehensive theoretical framework and methodological chapter in this thesis.

3.4.1 *Primary data*

The data that is collected directly by the researchers themselves from primary sources is referred as primary data (Bryman & Bell, 2015). The way primary data can be collected in qualitative research is through interviews and observations
(Silverman, 2006). According to Merriam (2009), collecting data through interviews is the most common method in qualitative research. Ghauri & Grønhaug (2010) argue that interviews tend to generate high quality information that is more consistent with the objectives and the questions in a research. When collecting data through interviews, the researcher is able to acquire understanding about the representative's feelings, behaviour and interpretation of their surroundings (Merriam, 2009). Furthermore, there are different forms that interviews can be performed through, which are phone, email, regular mail and face-to-face meetings (Ghauri & Grønhaug, 2010). For this thesis we have decided to collect our primary data mainly through face-to-face interviews but also through one phone interview, as these interview forms generates detailed high-quality information. We expect that collecting data through interviews will provide us with knowledge about how the phenomenon of blat is experienced, which will facilitate the understanding of how Swedish companies are affected by blat when doing business in the Russian market.

3.4.2 Secondary data

Secondary data refers to data that has not been collected by the authors themselves but rather by a second hand (Ghauri & Grønhaug, 2010). Sources where secondary data can be found and collected in, are scientific articles, books and online websites. Secondary data in this thesis has solely been used in the chapters of introduction, literature review and methodology, which has been collected from scientific articles, books and official websites related to the topic of research. Furthermore, part of the information regarding the case companies in the methodology chapter derives from secondary data that has been collected from each company’s official website.

3.4.3 Structure of interviews

During the interview process researcher can structure the interview in three different ways, which are structured, semi-structured and unstructured (Merriam, 2009). A structured research interview is formatted with high control regarding both how the questions are configured and how the answers are responded, which gives the respondent very limited ways to answer the interview questions (Denscombe, 2010). The form of a semi-structured interview also follows predetermined questions but is more flexible than the structured interview, which
allows the respondent to widely develop their thoughts about the regarded issue. Similarly, is the unstructured research interview but takes this aspect even further since it has no predetermined list of questions to bring up during the interview, which enables the representative to give even more unanticipated responds. Denscombe (2010) write that semi-structured interviews are regarded to be of qualitative nature and are therefore better suitable for research with complex issues. Based on the above mentioned factors we argue that the most appropriate way of collect data for this thesis is through semi-structured interviews. As it may contribute with new ideas and discoveries regarding the topic due to the flexible structure of the interview. Furthermore, we are able to ask follow up questions to the representatives when conducting the interviews, which enable us to obtain more detailed information about certain issues.

Prior to the interview, we provided our respondents with an interview guide that entailed our interview questions that was going to be asked during the actual interview. This allowed the respondents to get an insight about our research topic as well as to give them a chance to prepare for the interview. By doing so, the companies where able to ensure us with the right respondents that have worked with the Russian market and could therefore provide us with relevant information. Since our research topic could somewhat be regarded as sensitive, we therefore provided the respondents with the same interview guide as the one we used to guide us through the actual interview. The interview questions in the interview guide (see Appendix A) was written in English for the convenience of the respondents that only spoke English but was during the interview with Swedish respondents translated into Swedish. We conducted four of the interviews through face-to-face meetings and one of the interviews was done through the telephone, due to geographical distance. We had the ambition to conduct all our interviews face-to-face, for the reason that when both the respondent and the interviewer is present at the same place, the interviewer is provided with higher quality responses, in comparison to a telephone interview.

3.5 Operationalization

Before an interview guide can be written it is important to have done a thorough literature review (Potter, 1996). By having done so, the author can obtain an
overview of what previous research has written about the subject and thus get an understanding of what needs to be asked during the interview. Potter (1996) argues that empirical research is impossible to do without operationalization due to that this acquired information otherwise is just abstract and does not have any linkage to the real world. Therefore, the body of the interview guide in a semi-structured interview should include an outline with concepts and questions for those topics that will be covered (Kvale, 2015). The concepts in our theoretical framework have been identified and operationalized and thus laid basis for creating the interview questions (see Appendix A).

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Interview questions</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business operations</strong></td>
<td>1-3</td>
<td>In order to get a general understanding about the respondents and the company, the questions that we asked to the respondents regarded briefly introducing themselves and thereafter the company. We were also interested in whether the respondents spoke Russian and if they visited the country regularly for business purposes, which gave us an understanding about their experience of the Russian market.</td>
</tr>
<tr>
<td><strong>Internationalization to Russia</strong></td>
<td>4-9</td>
<td>To be able to comprehend how the companies have established themselves on the Russian market we asked the respondents questions about how they conduct business in the Russian market as well as how they internationalized to Russia. We also wanted to know whether networks have played a big part in their expansion to Russia. In order to obtain information that can help us answer whether blat has affected Swedish companies way of establishing their business in the Russian market.</td>
</tr>
<tr>
<td><strong>Russian culture</strong></td>
<td>10-13</td>
<td>To obtain an understanding about the respondent’s perceptions about the Russian culture, we asked them questions regarding Russian culture and the cultural differences between Russia and Sweden. By doing so, it will provide us with insights about characteristics of the Russian culture that may possibly be linked to blat.</td>
</tr>
<tr>
<td><strong>The Russian phenomenon blat</strong></td>
<td>14-20</td>
<td>The respondents were asked questions regarding their experience of the cultural phenomenon blat, as well as questions concerning specific dimensions that can be related to it. These answers will allow us to determine if the respondents have experienced factors that are associated with blat, although they are not aware of the term itself.</td>
</tr>
<tr>
<td><strong>Networks</strong></td>
<td>21-27</td>
<td>By asking our respondents questions regarding relationship and social networks, we were able to get an understanding about the role these functions have in the Russian society from the perspective of our interviewed Swedish respondents. This section of the interview is intended to provide us with information about the aspect that could be linked to blat.</td>
</tr>
</tbody>
</table>
In order to be able to cover most aspects during the interview that are related to the research topic, we have asked the respondents extensive questions about their general impression of the Russian market and their perception regarding Russian actors way of doing business in Russia. Through these answers we may be able to provide an understanding about the Russian way of doing business in Russia.

3.6 Method of data analysis

The data collected from a qualitative research is often generated in a great mass of data (Ghauri & Grønhaug, 2010; Kumar, 2014). This provides the opportunity to gain an insight and deeper understanding of the collected data. In order to better understand and successfully use the collected data, Ghauri and Grønhaug (2010) argues towards dividing the complex data into smaller components as a key strategy when analysing the data. Moreover, researchers argue that there is no general approach when conducting a qualitative analyse. However, Miles, Huberman and Saldaña, (1994) address different elements when conducting the analyse of gathered qualitative data, reduction, display and a conclusion of the data. Data reduction is the process where simplifying and choosing the data from the qualitative research. Furthermore, data reduction can in some cases occur unconsciously as an effect of the process is in initial stages of the thesis (Miles et al., 1994). In brief, the data reduction is displayed in a manner that provides basis for the conclusion and actions verified and drawn from the collected data.

The collected empirical data and findings, which have been thoroughly reviewed, has facilitated the process when detecting patterns that in turn, has been the basis in an attempt to answer the research questions. These segments have already been introduced in the literature review: culture, network, blat and internationalization, which formed the base of the data reduction. The display of the data reduction is provided in the fourth chapter where it demonstrates and describes the empirical finding. This is followed by an analysis and conclusion, which is drawn from the two first concepts in the method of data analysis. In brief, the three different concepts have been used throughout the method relating to the research of Miles et al., (1994).
3.7 Quality of research

It is important to ensure validity and reliability when presenting the collected data. Validity is mainly presented through accuracy and appropriate of the data Denscombe (2016). Furthermore, validity is more than just accuracy and appropriate where in is also a matter of what is investigate and if it refers to the right kind of data in correlation to the topic (Denscombe, 2016). Whereas reliability refers to the instruments used when collecting the empirical data. These needs to be consistent and repeatedly throughout the whole research process, to ensure reliability (Denscombe, 2010; Kumar, 2014). Kumar (2014) state four variables that determine the trustworthiness and authenticity in a qualitative research: credibility, transferability, dependability and conformability.

3.7.1 Validity

Holme and Solvang (1997) explain that the concern with validity when conducting a qualitative research is less due to the fact; interviews provide not only closeness but also allow respondents to control their contribution to the thesis. However, respondents may misinterpret what researchers are searching for, due to unclear motives and signals. This in turn makes it difficult to prove that the collected information is both accurate and appropriate (Holme & Solvang, 1997; Merriam, 2009; Denscombe, 2016). Further, it is important to ensure both credibility and transferability when conducting multiple case studies to ensure not only internal and external validity but also trustworthiness and authenticity (Kumar, 2014).

In order to provide both accuracy and appropriate in multiple cases studies, two methods are used to strengthen the validity. On one hand using respondent validation allows the respondent to go through the gathered data given the opportunity to approve the content and to make sure the it has been interpreted correctly (Merriam, 2009; Denscombe, 2016). On the other hand using triangulation allows researchers to further analyse and go through the collected data using different perspectives to comprehend the data more correctly (Denscombe, 2010, 2016; Yin 2014).
In order to secure validity in this thesis, triangulation has been used using different perspectives in an effort to comprehend the collected data more correctly. This has resulted in a wider and more insight perspective. Further, by handing out the guideline before the interview allows respondents to validate the questions prior the interview. By using the triangulation and allowing respondents to validate the questioner before the interview, it is possible to ensure both trustworthiness and authenticity in this thesis.

3.7.2 Reliability

When analysing reliability in qualitative case studies, human behaviour expresses multiple case studies rather complex (Merriam, 2009; Denscombe, 2010; Kumar, 2014). This is shown in the result in qualitative case studies where the result is not repeating itself in the collected data as it is interpreted differently from one interview to another. However, this will not diminish the reliability since data interpretations are based on uniformed instruments using similar questions during the interviews (Kumar, 2014, Denscombe, 2016). Furthermore, the reliability in multiple case studies can instead be based upon the dependability and conformability to ensure both trustworthiness and authenticity (Kumar, 2014). Further, it is important allowing the reader to understand and thoroughly be able to follow the methodology allowing the reader to comprehend the findings and where the results are based upon these cases (Denscombe, 2010).

In order to ensure reliability is the questioner the same during all interviews and to provide information how they will contribute to this thesis in an effort to ensure dependability and conformability that in turn, ensure trustworthiness and authenticity.

3.8 Method criticism

When conducting either a qualitative or quantitative research, there are naturally both advantages and disadvantages associations connected to the methods (Denscombe, 2010; Kumar, 2014). In the case of qualitative research, generalization is a disadvantaged due to the relative small number of cases. Thus the qualitative research method can be questioned, as the data collected in qualitative research tend to be less representative in contrary to larger numbers of
data in quantitative researches (Denscombe, 2010; Kumar, 2014). Further, the
generalization can be divided into two groups: analytical and statistical
generalization (Yin (2014). Analytical generalizations are based on less data and
statistical generalizations are based on large numbers of data (Yin, 2014). Further,
analytical generalization enables the possibility to understand a topic deeper that
in turn, also reinforces the connection between the thesis and a more analytical
approach than statistical (Yin, 2014). In brief, this thesis aims not only to provide
a better understanding and knowledge about the cultural phenomenon blat but
also to locate differences in Russian culture and its effects on Swedish companies’
abilities to conduct business in Russia.

The interviews were conducted in Swedish except during the interview with Elena
Sjödin at Heatex for the convenience for the respondents. The collected
information had therefore to be translated into English where some information
might be lost in translation. However, by recording and using triangulation in
order to visualise all perspectives is it possible to guarantee that no evidence has
been lost in translation process.

Further, Russian culture is considered as one united culture throughout Russia.
However, Russia is a large country spread from Europe to Asia, although different
subcultures might be present (Hofstede, 2010). Even though Hofstede (2010)
indicates differences in subculture similarities are based on a common culture
indicating a national culture throughout Russia.

3.8.1 Ethical considerations

The ethical considerations are according to Denscombe (2016) something that is
not possible to choose, it is rather something basic and needs to be part of all good
thesis. Further Kumar (2014) explain that most researchers should have some sort
of code of conduct governing the research process. Further, Denscombe
(2016:428) have addressed ethical codes within four different principles which
first was based upon medical studies to ensure research conducted without
atrocitity. However, these four principles constitute the base when analysing ethical
issues and needs to be taken into concern to ensure an ethical research:
(1) “Participants’ interests will be protected”
(2) “Participation must be voluntary and based on informed consent”
(3) “Researchers will work in an open and honest manner with respect to the survey”
(4) “Research should follow the national legislation”

Denscombe (2016) explain that in turn of (1) is it important to ensure and offer personal integrity, anonymity and confidentiality to provide an equitable research. Furthermore (2) refers to ensure voluntary and what are the commitments to the survey when providing the necessary information. (3) Suggest providing the purpose of the thesis, and data that is supposed to be collected in this research prior to the survey. Lastly (4) stress the importance to follow the national legislation.

In order to follow these principles, we have therefore ensure personal integrity and offered confidential and anonymity preventing exposure of respondents. Further, all cases have been informed about the basic purpose of the thesis and have been offered consent to take part voluntarily. Furthermore we have explained their part in the thesis and how they will contribute under legal ratio. The respondent was informed about the topic in order to offer pre-understanding regarding the subject and the required data for this thesis.
4 Empirical data

In the following chapter we will present the empirical data collected from the five interviews. The description regarding interviewed companies and respondents are located in the methodology chapter, where only an overall and general presentation is provided in this chapter, followed with the time period of when the data was collected. The layout follows the conceptual framework in order to create a clear structure for the reader to follow.

4.1 Cases

All of our respondents work towards the Russian market and therefore through their work positions, acquired experience regarding the Russian culture and how business is conducted in Russia. The companies are all initially founded in Sweden and due to their broadly spread presence in most markets all over the world they are regarded as highly international companies. Four of the interviews were conducted face-to-face whilst one of the interviews was done through the phone. These interviews were all conducted between the 27th of April and 3rd of May 2016.

4.2 Culture and cultural differences between Russia and Sweden

Richard Johansson from Arenco consider it important to understand culture in order to succeed in the Russian market. Johansson describes the Russian culture as friendly. As a foreign business partner he feels obligated to involve in social events such as dining and drinking with their Russian partners due to hospitality manners. Johansson believes that understanding the Russian culture is critical for successful business practises in Russia which can further lead to new business relations. Johansson also points out that once you have established business relations with Russian partners it is important to maintain them. Johansson believes that commitment and trust is predominant in Russian culture and is an important aspect to consider when conducting business with Russians. The best strategy to gain trust according to Johansson is to show commitment, interest and to have frequent contact. Johansson explain that he has contact with his Russian partners as often as once a week. Johansson further explains that it is important to be open and honest.
Respondent X from company A consider cultural understanding as a critical factor in order to success in the Russian market. Respondent X describes Russian business culture as top down management where decisions goes through few people. Respondent X believes that trust and commitment is predominant in Russian culture and that they are suspicious in their nature. Respondent X says that it is important to be social and establish personal relations through dinners, drinks, fishing, camping and sauna in order to gain trust with Russian partners. Moreover, respondent X has experienced that it is easier to be Swedish in Russia than other European nationality when conducting business in the Russian market, as they have more trust toward people from Sweden.

Elena Sjödin from Heatex considers cultural understanding as a critical factor in order to be successful in the Russian market. Sjödin points out that the most important thing to understand about doing business in Russia is that Russian people do not involve in business before forming a relation. Sjödin further explains that Russians do not believe in contracts, signatures or stamps even though their whole administration system consists of only that, instead they believe more in trust and commitment. Sjödin explains that it is important to spend time and talk about friends, family and general life outside the business when building relations as hospitality is highly valued. The most important thing for Russians is family and friends, so when getting into that area companies are able to form good relations which lead to business practises. Also, Sjödin has experienced that Scandinavian companies have high trust in Russia which facilitate the business process. Furthermore, Sjödin explains that when conducting business in Russia one has to understand that top management is largely important in order to get a contact. However, Heatex has made cultural adaptations through language translation on products.

Magnus Nilsson from Norden Machinery does not consider cultural understanding as a critical factor in order to succeed in the Russian market. Nilsson defines Russian culture as opened minded but also as curious since they are eager to know more about western products. Nilsson further addresses the importance to have an agent who knows the culture that in turn facilitates the business process. Nilsson believes trust and commitment is important when conducting business in Russia,
where visits are highly appreciated both by agents and costumers. Moreover, Nilsson argues that being Swedish in Russia helps when conducting business in Russia due to the good Swedish reputation and their high quality products.

Mats Johansson from Orbit One consider cultural understanding as a critical factor when doing business in Russia. Johansson explained that the company has made cultural adaptation by employing Russian personnel and a Russian CEO. Moreover, Johansson explain that trust and commitment play an important role in Russia, especially when engaging in networks. People in Russia have low trust in anyone before they show commitment and trustworthiness, whereas in Sweden people have trust until the contrary is proven. Trust is according to Johansson gained from good communication and being honest. Johansson also mentioned that Swedish companies have a good reputation in Russia due to well known brands, the music industry and high quality products, which facilitate business practices in Russia.

4.3 Network

Rickard Johansson from Arenco stresses the importance of establishing social networks in Russia since these are the type of networks that will lead to business networks. Johansson argues that the company does not have a big network but rather the right networks in the Russian market. He further points out that it is very important for Arenco to maintain these networks, which they do through email, calls and personal visits to Russia. Johansson finds that Russian actors do bend the rules since formal systems will not let them and that he is sure that corruption occurs in the Russian society but that the company has not dealt with it. Johansson state that the ability to build relations as well as personal character such as being honest and open has been important for the success of the firm in the Russian market.

Respondent X from company A argues that the company is highly dependent on networks in Russia due to that they encourage new networks which lead to further business deals. Respondent X further mentioned that lack of networks has held the company back from business involvement even if their product where good, because the product in Russia is alleged as less important. For this reason, the
company has a big network in Russia, which they maintain through social events such as dining, drinking or some kind of activity. Respondent X has experienced that building networks in Russia is very relationship based and that business networks and social networks are perceived as interconnected. Respondent X mentioned that networks have helped the company solve unexpected problems as well as obtain resources for the company. Respondent X has experienced that conducting business in Russia is based on bending rules, which is not seen as something strange since it is such an integrated part in the Russian culture. Further, respondent X expresses that corruption is a big problem in Russia and that it occurs on a daily basis but that the company is very careful whom they do business with and pull away if anything feels wrong. According to respondent X, being present in Russia as well as having the right networks are factors that play an immense part in the company’s success on the Russian market.

Elena Sjödin from Heatex argues that managers cannot conduct business in the Russian market without networks. Sjödin believes that Heatex has good networks in Russia and that these networks help the company exchange information and favours with Russian counterparts as well as find potential customers. She mentioned that the way Heatex builds networks on the Russian market is by being present in the European network within their field. Since Heatex is aiming towards building long-term relationships on the Russian market it is important to maintain their networks, which is done by interacting with their Russian counterparts. Sjödin emphasizes that conducting business in Russia is built on relations. She argues that there is no difference between building business networks and social networks since they in the Russian market come as one. Sjödin further emphasized the importance of building social networks since these networks are most likely to evolve into business practice. Sjödin states that Heatex really checks whom they do business with since Russian actors tend to bend the rules. She explains that bending rules is not seen as corruption but rather as the way business is conducted in Russia. Sjödin states that Heatex’s success on the Russian market comes from earning trust with Russian counterparts and acting fast due to that the Russian environment is changing quickly. Also, understanding and respecting the cultural differences has been essential to the success of the company as culture play a very high role in Russia.
Magnus Nilsson from Norden Machinery points out that they depend on networks in the Russian market. He further argues that these networks help the company conduct business because they give the company advantages such as further network connections, encourage faster business decisions and closing deals. Nilsson also mentioned that the company has turned for help to their networks in order to solve unexpected problems on the Russian market. Nilsson mentioned that for this reason it is very important for the company to maintain their networks, which is done through personal visits. Nilsson argues that network building in Russia focuses on soft values such as personal relationships. Further, Nilsson mentions that business networks in Russia come from social networks and that there is no distinction between them. Nilsson states that the company aims towards building long-term relationships, which is done through personal visits as well as attending social events such as dinners. He argues that it often happens that business in Russia takes the wrong turn and that corruption is a current problem in Russian market. Further, Nilsson expresses that Norden Machinery does absolutely not accept corruption and that they rather lose business deals than being involved in corruption. Nilsson mentions that correct networks, knowing the language and understanding the culture are factors that have been essential for the company's success on the Russian market. Furthermore, he argues that understanding the culture helps Norden Machinery understand the way business is conducted in Russia.

Mats Johansson from Orbit One argues that building networks are essential when conducting business in the Russian market. Johansson explained that there have been situations that led to loss off business opportunity due to that they did not acquire the right network. Johansson says that their current networks in Russia are small but contain of previously established long-term relationships. He further mentioned that it is important for the company to maintain these networks, which they do through personal visits in Russia. Johansson stresses that networks have helped the company solve unexpected problems in Russia as well as obtain resources for the company, such as finding the right staff. Furthermore, Johansson have experienced that Russians tend to bend the rules around formalities when conducting business and that corruption is a problem in Russia. Build networks with bureaucrats, administrators and politicians is according to Johansson
essential in order to succeed on the Russian market. Other factors mentioned by Johansson that have played an important role in Orbit One’s success is acting fast, knowing the language and being present on the market.

4.4 Blat: a cultural phenomenon

Richard Johansson from Arenco has neither heard about the phenomena blat nor obtained resources from his networks. Johansson furthers states that using different contacts to create new relationships applies more to new companies in the Russian market. Johansson would only help someone in his network with a favour if he knows what the favour was about and would not expect a favour in return. Johansson would only ask for a favour if it was related to business. Johansson acknowledges the importance of long-term relationships as a facilitating factor when conducting business in Russia. He further explains that it is easier to enter Russia if you have a strong contact in the Russian market.

Respondent X from company A has neither heard about the phenomena blat nor obtained resources from their networks. However, respondent X has used the company’s networks to get in contact with other networks, creating a new relationship. Respondent X further explains that favours and favours in return are more possible if you help someone. Favours will only be asked if help is needed or to facilitate a situation. It is important to establish long-term relationships since it is harder to conduct business with short-term relationship. Respondent X has noticed differences since they first started doing business and how relationships have facilitate the business process.

Elena Sjödin from Heatex has heard about the cultural phenomena blat. Sjödin explains that she has used it personally but not within the company. Further, Sjödin says that when entering Russia foreign companies will form networks and people will try to help you, but she would not call it blat. If a person asked for a favour she would help depending on the favour and she would to some extent expect a favour in return, which is natural according to Sjödin. Sjödin explains that for successful business practices in Russia it is important to know the top management because that is where all the decisions and deals are made. If someone in your network has a connection to the top management that person
might introduce one to him or her. Sjödin also mentions that long-term relationships are important when build relations with Russian partners. Lastly, Sjödin explain that it is easier to conduct business when acquiring social networks.

Magnus Nilsson from Norden Machinery has heard about the phenomenon *blat* through his agent in Russia, although Nilsson points out it has a negative association. Nilsson has not obtained goods or resources, however exchange of information may occur and he believes their agents have in some extent used contacts to obtain information. Nilsson would help someone as long as it is legal and would not expect a favour in return. Nilsson explains that it is important to visit and to maintain contact with Russian partners and to create long-term relationships.

Mats Johansson from Orbit One has not heard about *blat*, however Johansson can see the phenomenon in more private situations. Johansson mentions that he used already established contacts in order to gain access to new contacts. Also, Johansson explains that he would do a favour for someone in his network and does not expect a favour in return. Nilsson mentions that in order to gain access to someone it is better to get a recommendation. Johansson would not show gratitude by handing over money but chocolate is often used as gratitude. Johansson mentions that establishing long-term relationships is something Orbit One strives for but most of their relations with customers are short-term. Johansson stresses that it helps to know politicians and officials for successful business practices in Russia.

### 4.5 Internationalization

Rickard Johansson mentins that Arenco have been active in Russia since 1930. Johansson explains that the reason for the internationalization into Russia was because Russian consumers contacted Arenco and demanded their product. Johansson further mentions that Arenco did not relay on networks when they first entered Russia because everything was centrally controlled in Russia meaning that they were told how, when and where to conduct their business. Johansson points out that Arenicos customer base constitutes of long-term relations that they have
created good relations with. In present time, Johansson says that the company has no urge in searching for new customers.

Respondent X mentions that company A has been active in the Russian market since the late seventies. Respondent X says that company A uses different strategies when conducting business in Russia such as export, sales agents and their own subsidiary. Respondent X points out that the main reason company A established in Russia was due to demand from Russia. Further, respondent X says that the geographical distance facilitates the internationalization process towards Russia. Respondent X explains that the Russian market is one of their most important markets in Eastern Europe where almost half of their sales are made. Respondent X emphasizes that in order to conduct business in Russia it is vital to have good connections and social networks, which facilitate establishments of official contracts.

Elena Sjödin explains that Heatex has been active on the Russian market since 2007 using exports and agents. Sjödin explains that Heatex saw potential customers and a demand for their products in Russia. Sjödin describes their internationalization towards Russia through the Baltics, as a first point of business. Exports to countries in the Baltic region whereas exporting to Russia is much more complicated, first one need a partner facilitating the process where small companies are heavily dependent upon theses partners and agents. The Baltic countries acts like a bridge between Russia and Europe, allowing companies to create connections with Russia. Sjödin argues that there are laws and regulations preventing international companies from acting unhindered on the Russian market. If there is a potential, then Sjödin recommends companies to be fully present and locating production within Russia. Furthermore, cultural similarities facilitate companies’ abilities to expand to Russia. Sjödin mentions networks as an important part when conducting business in Russia as it facilitates the process. Sjödin mentions differences on how business is conducted in Russia versus Sweden where you need to be more flexible and look at things differently. According to Magnus Nilsson, Norden Machinery started doing business with Russia in late 1950 where Norden only use one agent. Nilsson addresses their product, reputation and international experience as the reason why they first
entered Russia. Norden Machinery has been using agents for a long. Nilsson believes that the Russian market is important but unsteady. However their agent is accounted as one of the better agents in their network and do not want to lose the connection. The relation with their agent is important as their agent has knowledge about culture and speaks the language.

Mats Johansson from Orbit One bought a facility in Russia during 2004, inaugurated in 2006 and begun producing products in 2007. Orbit One first internationalization to Russia because they wanted to reduce labor costs. Most companies internationalize to China, Poland or USA but instead Orbit internationalized to Russia due to personal interest and to break the traditional way. Johansson counts Russia as a neighbouring country with an interesting future. Johansson perceives Russian market as an interesting investment for the future rather than a big part of their company. Johansson clarifies that Orbit one came in contact with a mayor through a town-twinning project, whom helped and sold the facility to Orbit One. Johansson states that networks play an important role in their internationalization process where he lived in Russia for a period of time. Johansson has learned that business is completed differently in Russia and where cultural differences are highlighted. Johansson address the importance of contracts, which are clearer in Russia. People in Russia tend to be both more opened and curios but also eager to learn which facilitates the possibilities to form networks and relations.
5 Analysis

In this chapter we will provide the reader with our analysis, in which empirical findings are connected with the theoretical framework. Furthermore, we will discuss and compare differences and similarities between the empirical data and the theoretical framework.

5.1 Culture and cultural understanding

Hofstede (1980, 2010) addresses cultural differences as an important aspect in international business effecting different activates in foreign countries where national culture are presented differently. Further, Matsumoto (2000) argues that cultural understanding as an important aspect, which might affect various activates. This correlates with answers from Arenco, company A, Heatex and Orbit One, as all four considers cultural understanding as a critical factor to be successful in Russia. Norden Machinery, does not consider cultural understand as a critical factor to succeed in Russia instead, they use an agent who handle the Russian market on their behalf. Culture is important to keep in mind but is not influencing business according to Orbit One, on the other hand Heatex believes that culture effect and have an influence on business in Russia. Further, according to Arenco and Heatex improvements in cultural understanding can improve both current relations and generate new relations. Culture understanding can further be divided into two elements, objective and subjective elements. Where objective elements are everything we can touch and feel whereas subjective elements are things we neither can see nor touch (Matsumoto, 2000; Kroeber & Kluckhohn, 1952; Triandis, 1972). Moreover, Matsumoto (2000) argues that subjective elements are first visual when exposed to foreigners. It can therefore be argued that subjective elements are first understood when interacting and present in the Russian market. Therefore to achieve greater understanding of subjective element, regular visits and contact with Russian customers facilitates the process where Orbit One and company A further employs personal from Russia allowing insight and greater understanding of culture. We also consider cultural understanding as an important and critical factor when conducting business in Russia where a key strategy to gain better understanding of Russian culture and is local personal.
Local personal knows and understand Russian culture allowing companies to manage issues stemming from absence of market and language knowledge.

Cultural differences between Russia and Sweden are demonstrated in the work of Geert Hofstede (1980, 2010), tracing differences in national culture. In the process of tracing national culture Hofstede (1980, 2010) allocate using sixe subjective dimensions locating differences in national culture where the major predominant dissimilarities between Russia and Sweden are presented in power distance, uncertainty avoidance and in indulgence versus restraint (Hofstede centre, 2015). Cultural differences between Russia and Sweden can be considered highly present, as all respondent has notice differences in culture. The respondents further describes Russian culture as, friendly, open, honest and hospitality. This indicates Russia to be a rather more collective than individualistic society where members are more integrated. Further, when comparing Russia and Sweden in all dimensions this indicate differences in all aspects. Company A and Heatex argues that top management plays an important role where connections with important people facilitates the business process indicating a high level of power distance. Furthermore, we argue that an integrated collective society together with high power distance demonstrates culture differences in relation to the empirical findings.

It is further possible to locate uncertainty avoidance in Russian culture as respondents indicate the importance of trust and trustworthiness when conducting business in Russia. Hofstede centre (2015) address interacting with strangers is preferable done through formalities and where background information is important in order to gain trust. Orbit one argues that trust is gained in Russia whereas in Sweden trust is given until the contrary is proven. In order to gain trust Norden Machinery visits their agent and customers frequently. Moreover, contact through mail and telephone is also important according to Arenco whereas Norden Machinery disagrees. Instead Norden Machinery and company A emphasize the importance to be social and work on personal relations through dinners, fishing, camping and saunas. Heatex value relationships as an important factor facilitating the business process. All respondents agreed that trust is an important factor in Russian business and with genuine commitment can this be
achieved. Furthermore, we argue that trust and commitment are correlated where these form the foundation of personal networks in Russia. In correlation to personal networks Ledeneva (1998) address trust as the glue between actors within personal relations that expanded into blat networks and personal relationships.

5.2 Networks

It has been expressed in literature that networks, and social networks in particular, are important when conducting business in emerging markets (Danis et al., 2011). Furthermore, research done by Michailova and Worm (2003) indicates that social networks are essential for companies operating in Russia. All of our respondents confirm the importance of social networks in Russian, where Nilsson states that Norden Machinery is dependent on social networks in the Russian market and that these social networks have a big influence on the success of the firm. Sjödin adds to the importance of social networks in Russia by saying that one cannot conduct business on the Russian market without social networks. Furthermore, Respondent X and Johansson explained that the business company A and Orbit One did not get in Russia was due to lack of social networks. This demonstrates that the empirical material supports the theory, which leads us to affirm that social networks play an immense role in business operations in the Russian market.

Mattsson and Salmi (2013) argue that social networks are important when conducting business on the Russian market because they can help companies gain understanding about the Russian culture. All of our respondents agree that social networks help in obtaining knowledge about the Russian culture, which supports our findings. Sjödin, Nilsson and Johansson from Arenco also mention that the knowledge attained on Russian culture from social networks has further helped the companies to understand how business is conducted on the Russian market and thus contributed to success on the market. Furthermore, a cultural aspect non-Russian companies have to understand and deal with is the lack of formal structure in the Russian society, which gives space for corruption in business operations (Jansson, 2007). Our findings support the theory as all five respondents agree upon that the Russian society lack formal structures and that they have experienced corruption, which they see as a problem on the Russian market.
However, respondent A and Sjödin explains that bending rules around existing formalities is not seen as corruption but rather an integrated part in the Russian culture regarding how business is conducted. Even though this is the case, all of the respondents stated that the companies are very careful with who they do business with and rather pull away from business in case something feels wrong. Therefore, Michailova and Worm (2003) further support the importance of establishing social networks on the Russian market as they may facilitate the circumstances that may arise due to corruption.

It has been expressed in literature that Russia is one of the world’s most relationship focused societies (Michailova and Worm, 2003). The empirical findings support the theory since all of our respondents agree that the Russian society is very relationship based. Also, Respondent X stated that acquiring the right networks in Russia is even more important than the quality or price of the product itself. This further agrees with theory as it postulates that building the right networks with personal connections and the right authorities is essential in order to succeed on the Russian market (Michailova & Worm, 2013). Respondent X argues that company A acquire a big network in Russia, which gives them a bigger chance of having the right networks. Nilsson and Sjödin mentioned that they have good networks on the Russian market. Johansson and Johansson argue that their current networks are not big but rather right and consist of previously established networks that they have had for a long time. However, having the right networks rather than a big network could be related with that Russian actors are very fond of developing long- term relationships (Butler & Purchase, 2004). The respondents from company A, Heatex, Orbit One, Norden Machinery and Arenco mentioned that they are trying to build long- term relationships with Russian actors in Russia. For this reason the respondents further pointed out the importance of maintaining their networks. Respondent X argued that they maintain their networks through social events such as dining, drinking or some kind of activity. Johansson, Nilsson, Johansson and Sjödin stated that they maintain their Russian networks through personal visits.

Michailova and Nachayeva (2014) states that in order to successfully build the right networks in Russia, companies have to understand that formal networks are
established through informal networks and that these two networks overlap each other. Our findings have been confirmed with the theory as the respondents have experienced that their business networks have originated from informal networks. Also, respondent X, Nilsson and Sjödin state that formal and informal networks are built in the same way and are therefore perceived as interconnected. Jansson (2007) argues that the way business networks are built in Russia is through engaging in informal events. Nilsson and respondent X state that they build their business networks with Russian actors by participating in social events such as dining and going to saunas. Sjödin mentioned that beyond participating in informal events Heatex build their networks by being present in European networks within their field that operate on the Russian market, which helps them to get closer to the market.

It takes loads of time to build social networks but as soon as a relationship is established both partners can enjoy mutual benefits such as trust, information exchange, problem solving, network sharing and resource allocation (Mattsson and Salmi, 2013). Our findings concerning mutual benefits, in particular information exchange, problem solving and network sharing are in line with the theory. Also, respondent X and Sjödin pointed out that social networks have evolved into business networks, which has created new business opportunities for the company in the Russian market. Nilsson further mentioned that social networks have given the company advantages such as help closing deals and encourage faster business decisions, which has helped them to succeed on the Russian market. This can be related to Michailova and Nachayeva (2014) conclusion that social networks are one of the most important influences of a firm’s success on the Russian market. Respondent X, Sjödin, Nilsson and Johansson from Orbit One argue that acquiring the right networks, being present in Russia and understanding the culture are factors that have been crucial to their success in the Russian market. Johansson from Orbit One further pointed out that building networks with bureaucrats, administrators and politicians has in particular been important for them. Furthermore, speaking the language and acting fast on the market because the Russian environment changes quickly are factors that have been essential for Heatex’s, Orbit One’s, and Norden Machinery’s success in the Russian market. In addition, Sjödin stated that earning trust with
Russian counterparts is very important for their success in Russia. Finally, Johansson from Arenco argue that their success in Russia depends much on personal characteristics such as being open and honest as well as the way one is able to build relations.

5.3 Blat: a cultural phenomenon

Blat as a cultural phenomenon is defined as the use of personal networks and informal contacts to obtain goods, services and information (Ledeneva, 1998). Knowledge concerning the phenomenon is absent among the respondents however; Sjödin and Nilsson have some knowledge about blat. Although due to lack of knowledge, we explain the cultural phenomenon departing from the theoretical findings, which allowed respondents to see situations where the use of blat can be considered. Johansson at Orbit One mentions that the use of blat can be considered used in personal context rather than in business context. This is described in the theoretical findings where, the uses of personal contacts are based on private usage than in a business context however it affects businesses through personal relations (Ledeneva, 1998). Arenco, company A and Orbit One states that the use of contacts has enabled them to create new relationships in Russia. Company A further argues that someone can always help you to come in contact with someone else which Arenco further explains that contacts on the inside helps when both entering and being active in the Russian market. Orbit One explains that in order to gain access to someone in a different network, recommendations from someone within the network facilitate the process considerably. Sjödin at Heatex continues the reason of Orbit One where the possibility to use people who possess information or contacts with the top managements should be contacted. Sjödin further argues that people will automatically introduce the company to people that might be of importance for the company. The use of people and people on the inside of another or the same network reinforces the connection with blat where, Ledeneva (1998) argues that the use of people is referring to the expression of “useful people”. “Useful people” are a person that acts within different personal networks and is neither locked to one group of people or network (Ledeneva, 1998). This creates more than a dyadic relationship between Swedish and Russian actors in form of more than one network. Therefore we argue that the use of contacts are vital when companies conducting business in
Russia and that there is a clear pattern between relation’s networks and blat as factors affecting the performance of business is in Russia.

Respondents’ usage of favours is both similar and dissimilar in some extent, where Arenco and Heatex argue that favours can be considered depending on the execution of the asked favour. On the other hand, company A requires knowing if the favour is based on legality before execution. In cases where favours are returned, all respondents would not require or expect favours in return except Heatex which argues that they in some extent would expect favours in return as something natural. Although Orbit One states that they would not hesitate to hand over a box of chocolate to show appreciation and gratitude that in turn, can be seen as a returning favour. Further, Orbit One state that they would never in any situation offer money, neither show gratitude nor appreciation. Ledeneva (1998) explains that blat in some cases may be associated with bribery, corruption and acting on the informal market when talking about favours however; it should not be seen as neither one nor another. Furthermore, all respondents agree on the point where all illegal activates are disagreed upon and strictly forbidden in any international market. This is shown in the concept of blat where, blat as a cultural phenomenon in Russia delivers both positive and negative effects. The positive effects are seen in the integration between people in different networks and relationships on the other hand, negative effects are visible in bribery, corruption and informal markets (Ledeneva, 1998). Moreover, we argue that the use of favours and favours in return are mainly preceded in a private concept but also in business. Furthermore there is a need for companies to recognize when the purpose are of good intention and where companies gain trust which in turn generates new contacts and new possibilities to expand business in Russia.

The importance of long-term relations is based on the concept of blat and Russian culture, as it is an essential factor too success in both private and business life (Ledeneva, 1998). The endeavour to obtain personal networks and engaging in long-term relationships does also correlates with the respondents answers, which all agree upon the fact that creating long-term relationships facilitate the possibilities to conduct business in Russia. Norden Machinery always aims to create long-term relations as it has proven to facilitate the processes of business in international markets. Heatex further explains that it is easier to conduct business
after gaining experiences from the Russian market and companies have establishing long-term relationships. Arenco further argues that long-term relations as a factor facilitating when conducting business in Russia. Meanwhile, Orbit one argues that the importance of long-term relations are less important in their industry as it is a relative new market and it is hard to create long-term relationships as they have both long-term and short-term costumers. Comparing theoretical framework and respondents’ answers show a clear connection, where the use of long-term relationships not only allows stronger relations but also facilitate the business process. Therefore, we argue that long-term relationship is of great importance for Swedish companies conducting business in Russia.

5.4 Internationalization

The internationalization process looks differently in the way the first entered the Russian market and where Hollensen (2010) argues that there also are different motives why companies internationalize; either proactive or reactive motives. In the case of Arenco and company A, their internationalization process started due to demand from Russia which connects to reactive motives rather than proactive. Norden Machinery, Heatex and Orbit One acted upon proactive motives. Johanson and Vahlne (1977) argue that companies tend to increase their involvement in an international market due to increased commitment. Orbit One entered Russia using their own factory as their first step into Russia that, according to Johanson and Vahlne (1977) is the last step in the internationalization process. Instead Orbit one relied on networks and contacts in Russia whom helped them to put up their fabric. Johanson and Vahlne (1977) argue that companies begin from frequent exports and due to increased commitment and involvement companies establish their own factory. Company A on the other hand use exports, sales agents and their own subsidiary meaning they have in some way followed the theoretical framework developed by Johanson, Vahlne and Wiedersheim-Paul (1975,1977). Heatex and Norden machinery have increased their involvement and commitment in Russia departing from frequent exports to sales agents that also connects to the theoretical framework. Heatex on the other hand mentions that the Baltics acted as a bridge to Russia and where similarities in culture and language facilitated the internationalization process from the Baltics to Russia. Therefore, we argue that the theoretical framework
have in some extent been used by the five cases however some tend to go their own way. A key concept argued both in the theoretical framework and through the cases are market commitment, which has a major importance on companies acting on the Russian market due to dissimilarities between Sweden and Russia.

Companies in Sweden have in some extent located different obstacles when internationalizing to Russia, cultural differences, language barriers and geographical distance. Johanson and Vahlne (1977) have in relation to the stage model also located obstacles preventing the flow of information between the domestic and foreign market. Psychic distance refers to factors preventing the flow of information in form of cultural differences, language barriers, education and political systems. Heatex describes laws and regulations as preventing factors for international companies in the Russian market where products need to be fully integrated or faced with major difficulties. Norden Machinery further argues that the Russian market is unsteady, and therefore they rely on their agent and its knowledge about Russia. Heatex explain differences in culture also affects business as companies needs to be more flexible and look at things differently compared to Sweden. Orbit one mention that Russia is relative close in comprising to India, China and USA. All respondents agree upon the fact that cultural distance in some extent prevents the possibilities to conduct business in Russia. Arenco further argue that the process takes time however, costumers in Russia often listens to recommendations from foreign companies. Company A mention that networks and contacts facilitates the process of official contracts and where it is not enough to have a good and doable product but also reliable connections. In relation to Company A, Orbit One not only address the importance of contracts as vital to success in Russia but also creation of relationships. Orbit one and Norden Machinery further explains that people in Russia tend to be more opened minded, curios and eager to learn. We argue that the connection to psychic distance is important as culture plays an important role in Russian business. Although, dissimilarities in culture and language remain major factors, which prevents Swedish companies possibilities to conduct business in Russia. Assigning agents who understand these cultural differences are one way to reduce the cultural distance whereas companies’ who understand and speak the language relies more on their own capability than other companies.
6 Conclusion

In the upcoming chapter we answer our main research question as well as our two sub-questions, which are based on the information provided in the analysis chapter. Furthermore, theoretical implications and practical recommendations will be given below. In the final chapter limitations of the study and suggestions for further research are presented.

6.1 Answering the research question

Globalization has affected companies in the way that they are constantly looking for possibilities to internationalize into new markets, which may offer them higher potential. Although globalization has created a more homogeneous world will cultural differences between borders continue to be apparent. It is therefore of essential importance to understand and respect the local culture when entering a market as it is a critical factor for companies success in that market. Literature and previous studies indicate that it is important to have an understanding about a specific cultural phenomenon on markets where such exist and that when doing so it can result in positive effects on the business performance of a company. Our aim of the thesis is therefore to answer the following main research question (RQ): How are Swedish companies affected by the Russian phenomenon blat when conducting business in the Russian market? To answer the main question, we will first provide answers to the following sub-questions: (1) How does culture affect Swedish companies ability to establish social networks with their Russian counterparts? and (2) How does blat affect Swedish companies within their internationalization process in the Russian market?

(1) The first sub-question concerns how culture affects Swedish companies’ ability to establish social networks with their Russian counterparts. The literature review contributes with information that in turn demonstrates how Russian culture influence international companies abilities to establish social networks with their Russian counterparts. Furthermore, literature describes a connection between the cultural phenomenon blat in relation to Russian culture, where blat as a phenomena effects both international and domestic companies’ abilities to establish social networks. When establishing social networks in Russia, Swedish companies need to show commitment in order to gain trust where trust and
commitment form the glue between Swedish companies and Russian customers. Our empirical finding implies that the phenomenon of blat is highly unknown for most of the respondents however, some respondents agreed that culture effects the establishment of social networks in Russia. Furthermore, all respondents argued that cultural understanding is vital factor in order to be successful in the Russian market. In connection to cultural understanding our findings indicates that commitment is gained through frequent visits and contact through telephone and email where direct contact through visits are more palpable in an international aspect. In conclusion, the formation of social networks in Russia are more informal where personal relations are more integrated in business networks. In order to establish social networks, one need to gain thorough personal relations that in turn form the foundation of social networks based on trust.

(2) The second sub-questions concerns how blat affect Swedish companies within their internationalization process in the Russian market. The literature review contributes with inputs and information, describing how blat affects internationalization within the Russian market. The theoretical framework indicates that blat allows users to engage in networks and exchange resources however, the connection between blat and internationalization in empirics is more diffuse. The respondents had little or no knowledge about blat as it is routed deep down in Russian culture. Furthermore, respondents who have knowledge about blat, states that it is associated with less appreciated actions. Bribery and corruption are actions associated with blat although the theoretical framework diminishes these less appropriate actions. It may further be regarded negatively as it capitalizes on relations and networks in order to gain benefits or favours through blat networks. This in turn can partly explain why Swedish companies lack knowledge regarding blat in an international context. In brief, blat effects Russian culture that in turn, effects business in Russia, which in the end also affects Swedish companies internationalized in Russia. Therefore in conclusion, Swedish companies do not acknowledge blat as an affecting factor within their internationalization process in Russia whereas culture understanding includes the concept of blat in the overall understanding.
(RQ) The main research question aims to investigate how blat affects Swedish companies when conducting business in the Russian market. The literature shows aspects where blat can be used in order to form networks and gain resources, which in turn can be used to improve performance in the Russian market. In brief, our empirical findings present that the case companies are generally unaware about the phenomenon of blat, however, one of the respondent with heritage from Russia can therefore relate to the concept of blat. Although the cultural term of blat was unfamiliar, respondents exhibited an understanding about the general characteristics, as how social networks and relations are formed in relation to blat and Russian culture. These networks allow actors to create new connections and to strengthen ties to already established networks.

Even though the empirical findings show that, the respondents lack knowledge and are general unaware of blat in Russian culture, and that the respondents have not been affected by the cultural phenomenon although, blat should not be underestimated when conducting business in Russia. This is shown in the analysis where respondents points out cultural understanding as a critical factor to success where blat also is part of Russian culture. Thus, cultural understanding facilitates internationalization operations in the Russian market. Hence, the conclusion of this thesis indicates that blat does not affect Swedish companies’ abilities to conduct business in Russia however, social networks and cultural understanding that include in blat, facilitates the internationalization process within the Russian market.

6.2 Theoretical implications

Studies conducted on blat from the perspective of international business have so far been nearly non-existent, thus a gap in business research on this topic has been identified. The aim of our thesis has been to contribute in filling the research gap, which is why we chose to conduct research regarding the Russian cultural phenomenon blat and how it affects Swedish companies’ business practices in the Russian market. The results of this study have shown that understanding blat has helped companies establish and remain themselves in the Russian market. Through the establishment of the right social network, companies can enjoy the benefits of information exchange and network sharing, which can be used as a
problem-solving tool to overcome corruption in the Russian market. Furthermore, it helps Swedish companies to understand the Russian culture and thus how business is conducted there. Finally, it can create new business opportunities for Swedish companies in the Russian market. These findings support previous studies conducted on blat in the context of international business that has been presented in earlier research reading.

Additionally, the outcome of this thesis has contributed to theory regarding blat from the perspective of international business. The results have been attained by identifying components of blat that impact Swedish companies' ability to remain and establish themselves in Russia. These components are argued to be building social networks, earning trust, being present in the market and understanding the Russian culture. By building trust with Russian counterparts Swedish companies can establish social networks that are crucial in understanding the Russian culture, which in turn by being present increases the market commitment and contribute to successful business operations in the Russian market. This thesis biggest outcome is that it contributes to conceptualize blat as well as it has started filling the research gap regarding the phenomenon.

6.3 Practical implications and recommendations

Our empirical findings show that understanding the cultural phenomenon blat is not a necessity for Swedish companies when internationalizing to the Russian market but rather something that may facilitate the process. Instead, it becomes more important to understand blat when companies increase their market commitment since the issue of the phenomenon is such an integrated part in the Russian culture. Swedish companies that obtain an understanding about blat are much easier able to operate business in the Russian market. However, other more committed alternatives are suggested to facilitate the stages of entering into the Russian market, which are via an agent, by the use of local personnel or through a subsidiary. All of these entry strategies help companies to acquire understanding and knowledge about the Russian culture.

Our recommendation to Swedish companies that are considering internationalizing into the Russian market is to obtain loads of knowledge about
the culture as well as understanding blat. Since companies sooner or later will increase their market commitment in Russia, it will therefore give an advantage to already understanding the phenomenon. Moreover, it has been proven that networks are essential in the Russian market. Due to this we therefore recommend and encourage Swedish companies to establish networks, in particular social networks since they are the ones that lead to business networks in the Russian market.

6.4 Limitations

During the progress of this thesis we encountered certain limitations that may have influenced the quality of our findings as well as the ability to answer our sub-research questions followed by the main question. One limitation faced early in the progress of our thesis concerned Swedish companies unfamiliarity regarding the Russian phenomenon blat. We solved this problem by asking questions about the topics that are associated with the characteristics of blat. By doing so, we were able to research whether blat had affected these companies even if the respondents were unaware of the phenomenon itself. Another limitation faced in our thesis is that the companies had different levels of commitment in the Russian market. By interviewing companies that have the same level of commitment in Russia would potentially lead to more generalized results.

6.5 Suggestions for further research

Research in general is limited on blat where only a few researchers have investigated blat and international business. During our research, we have discovered new fields of research, which could improve and increase the amount of researches upon the topic that in turn, may fill the gap with new scientific research.

(1) To investigate how blat will evolve and consequently affect Swedish companies ability to conduct business in the Russian market in the near future. By investigate how blat will evolve, allow the researcher to follow the development of blat from its origin and how it further develops, might affect Swedish companies differently in the near future.
(2) **To investigate how the cultural phenomenon of blat affects Swedish companies possibilities to conduct business in the Russian market from a Russian perspective.** By investigating how *blat* as a cultural phenomenon in Russian culture affects Swedish companies’ possibilities to conduct business in the Russian market. Departing from a Russian perspective, allow the researcher to create a deeper understanding of how *blat* actually affects Swedish companies in the Russian market.

(3) **To investigate how blat as a Russian cultural phenomenon influences Russian companies abilities to conduct business in Sweden.** By investigating how *blat* affects Russians companies’ abilities to conduct business in Sweden provides a perspective from Russian companies internationalizing towards Sweden. By investigating how *blat* affects Russian companies may contribute to an understanding on how well Russian companies are doing in Sweden.
7 References

7.1 Interview participants

1. Johansson, Richard, sales manager at Arenco AB, Kalmar, face-to-face interview, 2016-04-27
2. Nilsson, Magnus, sales manager eastern Europe at Norden Machinery AB, Kalmar, face-to-face interview, 2016-04-27
3. Sjödin, Elena, product marketing manager at Heatex AB, Malmö, face-to-face interview, 2016-04-28
5. Johansson, Mats, president and CEO at Orbit One AB, Ronneby, face-to-face interview, 2016-05-03

7.2 Books


### 7.3 Articles


### 7.4 Online sources


One hand washes the other

**Figures and tables**

Figure 1: Own figure with data collected from Hofstede centre (2015)
Table 1: *Operationalization*, Own table.
Figure 2: Conceptual framework. Created by the authors of this thesis

*Appendix A Interview Guide*

**Background information:**

1. Do you mind if we record this interview? Do you wish to be anonymous?
2. Brief introduction about yourself: (What is your position in the company? How long have you worked for this company? How often do you visit Russian for business purpose?)
3. Information about the company: (What does the company do? How many employees are there in the company in Sweden? When was the company found? In which countries is the company currently operating in business?)

**Internationalization:**

4. How long has the company been active on the Russian market?
5. How is business conducted in Russia? (Export, subsidiary, agent, own factory)
6. How many employees are there on the Russian market?
7. How did you discover that there was a market for the company in Russia?
   - How important is it for the company to exist on the Russian market?
8. How has the internationalization process to Russia looked like?
   - Did networks play a big part in the expansion to Russia?
9. Is the business performed the same way in Russia as it is in Sweden? If no, what differs?

**Culture:**

10. Do you consider that cultural understanding is a critical factor in order to succeed in the Russian market?
11. How would you describe the Russian culture?
   - Does culture influence the way of doing business in Russia?
12. Has the company implemented any cultural adaptations to the Russian market?
   • What does the company do to adapt to the Russian culture and the way of doing business in Russia?

13. Do you believe that trust and commitment is prominent in Russian culture?
   • How does Russians view trust, in your experience?
   • How do you build and/or earn trust with Russian actors?
   • As a Swedish actor on the Russian market are you trusted?

**Blat: A cultural phenomenon:**
14. Have you heard of the expression *blat?*
   • **Yes:** Is blat something you have experienced/ noticed when dealing with Russian counterparts?
   • **No:** Is obtaining goods and services through personal networks something you have experienced or noticed when dealing with Russian counterparts?

15. Have you obtained goods, services or resources from someone in your network?

16. Have you contacted someone in order to acquire resources, but they did not possess the resources either, that in turn, the contact sent you further to one of their contacts, and you created a new relationship?
   • Did you have to do something in return for him or her?

17. Would you help if someone else needed a favour from you in your network?
   • Would you expect a favour in return?
   • If the situation what turned around, and you asked for a favour, would the counterpart expect a favour in return?

18. What forces you to ask your personal network for a favour in a business context?

19. Have you experienced that the long-term relationships with Russian actors have facilitated the way of doing business in Russia?

20. In what way has it been easier to conduct business now than when you first entered Russia due to relationship/blat?
Networks:
21. Do you have a big and/or the right networks in Russia?
   - Does this network play a big role to the success of the firm on the Russian market? If yes, how?
22. How important are relations and social networks on the Russian market?
   - In what way can established social networks help the company on the Russian market?
23. Is it important for your business to maintain your networks in Russia?
   - How do you maintain your Russian networks?
24. Is there a difference in building business or social networks in Russia?
   - How do you build business networks/social networks?
25. Do you aim towards building long-term or short-term relationships with actors on the Russian market?
26. Have networks helped the company solve unexpected problems in Russia?
27. Have lack of networks held you back from any kind of business involvement or led to business failure?

The Russian market:
28. Do you feel that there is a difference in conducting business in Sweden to conducting business in Russia? If yes, how?
29. Have you encountered that Russians tend to bend the rules, in order to find ways around different problems that may arise due to formalities?
30. Do you experience corruption to be a problem in Russia?
31. What factors play an important role in the companies success on the Russian market?