Factors influencing export performance

A study of Swedish companies exporting to Russia

Viktoria Sorokina

Bachelor of Science in Business and Economics
Business Administration

Luleå University of Technology
Department of Business Administration, Technology and Social Sciences
ACKNOWLEDGEMENT

I want to thank Jörgen Persson at Part AB and Ann-Christin Sundström at Liko AB, who took time and contributed with their ideas, knowledge and experience for this research, which made it possible. In particular I would like to thank my supervisor Maria Ek Styvén for her support, encouragement and valuable guidelines throughout the whole thesis writing process. I thank Erik Hagenrud at the Swedish Trade Council as well, who provided with information about available Swedish companies in Norrbotten.

The 29th of May 2012

_______________ Viktoria Sorokina
ABSTRACT

The focus of this thesis is different factors that can influence Swedish companies’ export performance to the Russian market. The research is done by applying qualitative approach, where two interviews will be conducted. Conclusions that have been made in this research can give some guidelines for the Swedish companies that already export or consider starting their business activity in Russia. A number of previous researches about successful export and obstacles for it have been studied, as a ground for this thesis. The empirical information, obtained for this study, confirmed or rejected some of previous conclusions. Within the present research the following findings about impact of internal and external factors were made, such aspect, as firm size, does not impact on company’s possibility to export. However, it is important for a company to have international competence, export experience and a local business network on a foreign market. Managerial characteristics and social networks appeared to be important for successful export as well. On the side, external factors of the Russian market, like political, economic, socio-cultural and technological ones as a whole were not experienced as obstacles for export. Still, some factors within them, like bureaucracy and language were experienced as barriers.

However, Russian market is seen as an attractive one and two Swedish companies that contributed with information to this thesis want to continue their business towards Russia.
SAMMANFATTNING


Emellertid betraktas den ryska marknaden som attraktiv och de två företag som bidrog med information till uppsatsen vill gärna fortsätta sin verksamhet gentemot Ryssland.
# Table of content

1 Introduction ..........................................................................................................................................1  
  1.1 Background ..................................................................................................................................1  
  1.2 Problem discussion ......................................................................................................................2  
  1.3 Purpose and research questions .................................................................................................2  
     1.3.1 Definition .................................................................................................................................2  
     1.3.2 Delimitation ..................................................................................................................................3  
2 Literature review...................................................................................................................................4  
  2.1 Introduction .........................................................................................................................................4  
  2.2 Internal factors ....................................................................................................................................4  
     2.2.1 Organizational level .................................................................................................................4  
     2.2.2 Managerial level ......................................................................................................................7  
  2.3 External factors ...................................................................................................................................9  
     2.3.1 Political environment ..............................................................................................................9  
     2.3.2 Economical environment .......................................................................................................11  
     2.3.3 Social and cultural environment ...........................................................................................12  
     2.3.4 Technological environment ...................................................................................................13  
  2.4 Frame of reference ..........................................................................................................................14  
3 Methodology.......................................................................................................................................16  
  3.1 Research approach ....................................................................................................................16  
  3.2 Research strategy ......................................................................................................................16  
  3.3 Literature search ........................................................................................................................17  
  3.4 Data collection methods ............................................................................................................17  
  3.5 Sample selection ........................................................................................................................18  
  3.6 Data analysis ......................................................................................................................................19  
  3.7 Quality of data ..................................................................................................................................19  
     3.7.1 Validity .....................................................................................................................................19  
     3.7.2 Reliability .................................................................................................................................20  
4 Empirical data......................................................................................................................................21  
  4.1 PART AB .....................................................................................................................................21  
     4.1.1 Company information ............................................................................................................21  
     4.1.2 Internal factors .........................................................................................................................22
4.1.3 External factors ...........................................................................................................................................23
4.2 Liko AB ............................................................................................................................................................25
  4.2.1 Company information .................................................................................................................................25
  4.2.2 *Internal factors* .......................................................................................................................................26
  4.2.3 External factors ........................................................................................................................................27
5 Analysis ..................................................................................................................................................................29
  5.1 Within-case analysis .......................................................................................................................................29
    5.1.1 PART AB .................................................................................................................................................29
    5.1.2 LIKO AB ...............................................................................................................................................31
  5.2 Cross-case analysis .......................................................................................................................................32
    5.2.1 Internal factors .......................................................................................................................................33
    5.2.2 External factors .......................................................................................................................................34
6 Conclusions and findings .......................................................................................................................................35
  6.1 Further research ...............................................................................................................................................36
  6.2 Managerial implications ................................................................................................................................36
REFERENCES .........................................................................................................................................................38

List of figures

Figure 1. Influencing factors .................................................................................................................................15

Table 1 Cross-case analysis, success factors and obstacles for export ......................................................................33
1 Introduction

1.1 Background

Nowadays international marketing gains more attention among all market actors, whether they are companies, consumers or even country’s economy. This can be explained by eliminated restrictions and more free relations between nations contributing to free commercial exchange (Albaum and Duerr, 2008). To be successful on the international market requires additional experience and knowledge in marketing strategies. A firm, going abroad, must be aware of that application of only basic principles of marketing is not enough. To every foreign market these rules shall be adjusted and applied in accordance to the local context (Czinkota and Ronkainen, 2010).

Nowadays, when competition between companies is high, it is quite obvious to suppose that developing companies want to expand their business activity, which often implies entering foreign markets. This process depends on a company’s local business environment and its core competency (Wild et al., 2008). A firm can establish its activity abroad by using different entry modes, which are divided into three groups, like exporting, importing and countertrade; contractual entry and investment entry (Wild et al, 2008).

Wild et al (2008) name some reasons, why firms start to export. This can depend, for example, on a company’s striving to increase sales, when its domestic market is saturated and a company wants to introduce its production to the foreign markets. By applying this strategy, a company gets more profit from selling abroad and it allows spreading costs among different producing units. The second reason, is to diversify sales, low sales in one market can be compensated by better sales in other. The third reason, according Wild et al (2008) is that by selling abroad, a company gets knowledge and skills for further sales to foreign markets, if it has not had any previous export experience.

According to the Swedish Cabinet Office (2008), Russian market is considered to become one of the largest among other economies after the global crisis. Its attractiveness can be explained by the continued growth and increased industry production. Export council of Sweden has its representative offices in Moscow and Saint-Petersburg, contributing to development of export and import relations between two countries. In Russia there are about 400 Swedish companies. Bilateral trade relations are kept on the same high level, but can be affected by process in the world economy. Next year after the economic crisis export to Russia was reduced but increased 2010 and was estimated to 20,9 billion SEK (Swedish Cabinet Office, 2008).

According to the administrative agency of Statistics Sweden (2011) in 2011 export to Russia increased by 33 percent while imports from the Russian market increased by 25 percent.

Export from Sweden to Russia includes high-technology products, like machines and equipment, products of chemical industry, cellulose and paper as well as products of metal industry. Import from Russia consists mainly of oil (Swedish Cabinet Office, 2008).
1.2 Problem discussion
A company going abroad shall take into consideration different issues that can have great importance for the company’s performance abroad. These issues regard mainly differences between home and host country, whether they concern internal or external factors.

Domestic and market changes that have happened since Russia came in a new age in the 90s made the country quite attractive in the international market. During recent years many western companies have altered their attitudes towards the Russian market and consider establish their business in this country, in spite of the risks that countries, with transition economies, such as Russia, imply (Fallon and Jones, 2004).

Still, not only a company’s macroenvironment will influence its selling performance abroad. Going international, internal factors on the organizational level can also be significant for achieving success.

However, there are many challenges that foreign companies have to face when they decide to start their business with Russian companies, or by their own. The research done by Fallon and Jones about UK companies (2004), going to Russia, discovered some risks that they referred to different aspects within economical, political issues as well as institutional and cultural challenges were discovered. According to Wild et al (2008) instable political situation hinders overcome to a market economy in the country. As well, there are worries how Russia will disposal nuclear weapons stockpiles. Even on the managerial level changes are required (Wild et al, 2008).

Still, even if there are a lot of challenges of making business in Russia, more and more foreign companies start export to the country. Many Swedish companies choose to establish business relations with the Russian ones in different kinds of industries.

1.3 Purpose and research questions
The purpose of the present research is to get a deeper understanding of factors that can influence Swedish companies’ export performance in the Russian market. These factors concern different aspects which companies shall take into consideration so that to make export successful and avoid eventual difficulties in the long run.

The subject of the study raises the following research questions:

1. What factors can contribute to successful export of Swedish companies’ products to Russia?
2. What factors can hinder Swedish companies’ export to Russia?

1.3.1 Definition
Aaby and Slater (1993, p.16) determine export performance as “rate of growth in export sales and percentage of total sales accounted for by exports”.

According to Cavusgil and Kirpalani (1993) there is no certain definition of export success, however, they point out 6 criterions that determine it, like considerable and stable increased export over 3-year
period, considerable increased export volume to the total business after 3-year period, level of export is significantly higher than the average indicator in the studied company industry sector, large increase in sales abroad during short period of time, “breakthrough” on a market with difficult conditions and the highest level of export sales during a certain year. In the present research export success will be seen from the managers’ point of view. Certain attention is paid to their perception about export process to Russia, how it went, if it was really possible to implement it.

1.3.2 Delimitation

The research aims at studying Swedish companies, located in Norrbotten County. This choice seems to be quite logical, since Norrbotten is a part of Barents region. Close geographical distance and cooperation with Russian companies within Barents region creates good possibilities for export of company’s products to Russia.

Another criterion for the studied companies is that they must produce products and not service. This depends on that it is easier to find a company that exports products.
2 Literature review

Theoretical part of the research is relevant to its purpose and identifies internal and external factors, influencing company, selling abroad. This part describes as well results of previous studies, regarding impact of internal and external factors on a firm’s export performance as well as what factors contribute to export success or are obstacles to it.

2.1 Introduction

A number of factors can influence a company’s export performance, whether it will be a successful result or there are some hinders for that. A number of researches have been made to reveal what factors contribute to export success or hinder it, in other words what factors can be determined as barriers. It is quite obvious to suppose that different companies accommodate resources in different proportions.

Zou and Stan (1998) in their review of factors, affecting export performance, distinguish internal and external factors. They explain such distribution by two theoretical approaches. The internal factors can be explained by the resource-based theory and the second ones by industrial organization theory. Zou and Stan (1998) divide the internal factors into controllable and uncontrollable, but the external are just uncontrollable, still, they point out that such distribution does not have any theoretical support (in comparison with theoretical approaches for distinction between internal and external factors). Leonidou (2004, p. 281) determines export barriers as “all those constraints that hinders the firm’s ability to initiate, to develop or to sustain business operations in overseas markets”. He distinguishes between internal and external export barriers, where the last ones can be divided into procedural, governmental, task and environmental.

2.2 Internal factors

In the present research some internal factors and their influence on export performance will be studied. Both firm and managerial characteristics and attitudes have different impact on export performance and can be essential for the decision to export or concentrate sales only on the domestic market. The author’s decision to divide internal factors into organizational and managerial level in the present research depends on that they include different aspects that are specific either for a company or its administrators, which makes sense to study these aspects separately.

2.2.1 Organizational level

Size of organization

Bijmont and Zwart (1994) in the research about impact of internal factors on export success of Dutch small and medium sized companies, determine some internal factors as firm characteristics, factor of attitudes towards export (from managerial point of view), export policy and export marketing planning
factor. Louter et al (1991) in their research about factors for export determine internal success factors as “universal”, which include firm’s characteristics, marketing strategy and attitude and commitment. They consider these factors as prerequisites for export success.

Such factor as size of organization can have an impact on company’s success in export. According to EU recommendations (2003), a company is determined as small if it has less than 50 employees and it is determined as a medium-sized enterprise when it has less than 250 persons. In his research Culpan (2003) points out that a firm is regarded as small when it has less than 100 employees, and it is ranked as medium-sized if it has more than 100 employees (Culpan, 1989). In the present research the definition suggested by EU recommendations (2003) will be used.

Cavusgil and Naor (1987) found a positive relation between a firm size and its export activity. However, small firms can experience more difficulties to establish on foreign markets, which can be explained by the fact that international involvement requires certain resources (both human and financial), which small firms does not always have in sufficient degree (Bonaccorsi, 1993). Research, conducted by Culpan (1989) shows as well that smaller companies are less successful in exporting, than medium-sized ones.

Export activity can contribute to a company’s increased income, extended product life cycle and give opportunity for new distribution channels (Aliand Swiercz, 1991). Holden (1986) in his research about U.S. companies exporting to the European market found that small size of a company can be an advantage by adjusting price in time, when currency rates changes rapidly.

Still, some researches show a contradictory meaning of a firm’s size for its export performance. This is confirmed by Gomez-Meja (1988) and Holzmüller and Kasper (1991), who found that a firm’s size does not influence or has little impact on its export performance. However, Louter et al (1991) found that both small and medium-sized companies were successful exporters.

Other researches show that larger firms have more advantages to get improved export result. This is mainly due to they have better distribution of managerial and financial resources and due to economies of scale (Bonaccorsi, 1993). The fact that larger firms achieve higher export performance as well as “number of employees is positively related to export sales” was also confirmed by Baldauf et al (2000, p.71).

Some researches show relationship between a firm’s size and its attitudes towards export. Finding, made by Calof (1994), discovered that intentions towards export increase if a firm is large.

**Firm’s export experience**

Correlation between experiences of export activity as a factor of success has also been studied. In their research Katsikeas et al. (1996) consider a company’s export experience as number of years a manufacturing firm has been involved in export and number of countries, where it has exported. They found as well that there is no direct connection between a firm’s export experience and export performance. However, according to Dominguez and Sequeira (1993)a firm achieves better export performance when it has experience in selling abroad.

It was found that export experience (volume) and firm’s performance has a strong connection (Madsen, 1993). According to Madsen (1993) export experience can have positive impact on a company's
marketing methods and the way how a firm allocates its management resources towards the buying country. Such relationship can be explained by the fact that exporting organizations obtain more knowledge about market’s performance and social contacts, leading to improved communications strategies, which results in enhanced export performance (Madsen, 1993).

Export experience can also influence attitudes towards further export (Gripsrud, 1990). Firms that have exported products tend to continue export of them (Gripsrud, 1990). An interesting finding of Ali and Swiercz (1991) supports studies about connection between international experience and attitudes towards exporting. They suggest that companies, whose export experience is less than 3 years, have less intentions to export, but those firms, which have been involved in international business for 3 and more years, have strengthened intentions to continue with international activity. However, attitudes for export seem to be less favourable for the companies that have exported for 7 to 10 years but encouragement increases again after 10-year period of export.

Export experience can be connected to how often a firm exports its production and export behavior. The study conducted by Rocha et al. (1993), shows relationship between characteristics of an exporter (aggressive or passive) and export experience, which is determined by how long a company sold abroad since it started its export. A company tends to be an aggressive exporter if it has had a long experience of selling abroad. According to Rocha et al (1993) passive exporters has been less engaged in experience in time.

**International business competence**

Any company that decides to go abroad shall have certain competence, needed to achieve successful export performance. In different studies there are other notions for international competence, which are described as international marketing competence, export marketing expertise or export skills and knowledge (Julien and Ramangalahy, 2003).

According to Belich and Dubinsky (1995) international competence is characterized by a company’s staff skills when it regards making business abroad. Dealing with foreign customers can contribute to improved knowledge of the staff about situations on the foreign markets (Belich and Dubinsky, 1995). The same fact is confirmed by McDougall et al (1994), that a company, exporting its products, can benefit by improved knowledge whether it concerns foreign markets or language.

According to Cavusgil and Zou (1994) it is supposed that a firm’s international competence has an impact on its export performance. A study conducted by Knight and Kim (2009) reveals further significance of international business competence. They consider that international business competence include international orientation, international marketing skills, international innovativeness and international marketing orientation. Among them international orientation and the last one are considered to be particularly important for international business competence, indicating its level. It depends on that organizational culture can be determined by international orientation and international market orientation will impact on how a company will obtain knowledge about foreign customers and rivals and how it will organize its activity towards international business (Knight and Kim, 2009).
Whether making business abroad will be successful or complicated can be determined by the fact if a company has awareness about the foreign market and culture of the host country that can include business patterns, social traditions, language, trade techniques etc., which vary significantly in every country. The ability to deal with these aspects of different environments is essential for an exporting company (Hallen, 1982). This is also supported by Belich and Dubinsly (1995, p.7), that for any company, selling abroad, it is very significant to be able to manage “tasks relevant to business, cultural, and trade environments”.

**Business network**

One of the factors that can contribute to the success abroad can be participation in a business network in the home or host country. In the research of Björkman and Kock (1995, p.520) business network is defined as “a set of two or more connected business relationships”. Such network can integrate relations between customers and suppliers, industry and government association (Freeman et al, 2012).

To be involved in a business network means that a company gets strategic advantage, since a company gets access to external information and opportunities in new markets (Ericsson and Chetty, 2003). Being a part of international networks can give a company further opportunities for successful export. Availability of international networks can provide an exporting company with access to the information on the foreign market, whether the customers in the host country will accept the product, or how the product shall be adjusted to the customer needs (Rauch, 2001). A foreign producer can benefit from international network by getting assistance with finding suitable distributors or investors for cooperation (Rauch, 2001).

**2.2.2 Managerial level**

**Managerial characteristics**

Management characteristics like aspects of the company have also certain impact on export performance (Lages, 2008). Some objective characteristics like education, mastering a foreign language can influence attitudes towards export (Reid, 1981). Command of foreign language give a manager some advantages, it can be important in that meaning that it can simplify creating personal contacts or contacts with possible business partners, develop relations with existing customers (Leonidou et al, 1998). Still, researches, conducted by Cavusgil and Naor (1987), Leonidou et al (1998) and Holzmüller and Kasper (1991) found a different result. According to them relationship between these two characteristics, determining export activity is weak. The same regards a manager’s age, no any certain differences were found (Cavusgil and Naor, 1987; Leonidou et al, 1998).

Other characteristics like international experience of a manager can be significant for successful export. This is confirmed by some researches, conducted by Dichtl et al (1990), Madsen (1993) and Axinn (1993). The same is supposed by Zou and Stan (1998). They consider that a manager’s international experience help to prevent a company from risks or give a company benefits in connection to doing business abroad.

Some studies have been implemented to find a connection whether certain personality traits can impact export performance. Such connection was found by Leonidou et al (1998), who found that risk
tolerance, innovativeness, flexibility, commitment and quality and dynamism can be referred to successful export. Similar conclusions were made in the findings of Hultén (2009), who studied establishment of Swedish small and medium sized companies in Russia. Such traits as innovativeness, flexibility and commitment have positive influence on export performance. Management competences are more important than firm characteristics according to Aaby and Slater (1993).

**Management attitudes and perceptions**

Among internal factors Zou and Stan (1998) point out a company’s export marketing strategy, management attitudes and perceptions to export, management and a company’s characteristics and competencies. According to Aaby and Slater (1993) management perceptions play large role for a firm’s export success.

Strong connection between perceived opportunities for growth, connected to the export and export performance (Axinn, 1993). Still, according to Axinn (1993) there is a weak connection between perceived profit advantages and export performance. The opposite was found by Leonidou et al (1998), but the researches confirm positive relation between perception of opportunities for growth and export initiation.

According to Zou and Stan (1998), when they have summarized previous investigations about managerial perceptions and attitudes, they found that a manager’s export commitment plays a key role for export performance. They concluded as well that being international oriented creates a favorable precondition for profitable export. On the other hand, perceived export barriers can lead to low perceived export success (Zou and Stan, 1998).

**Social network**

Personal contacts can also be a crucial factor, contributing to export success.

Louter et al (1991) found that personal contacts and frequent communication with foreign customers and distributors are significant for effective and successful export. The researches signify as well that personal contacts with partners contribute to “moth-moth advertising”. A long-term relationship needs care, confidence, regular visits and frequent communication.

According to Cavusgil and Naor (1987) a company can benefit from personal contacts on the external level by receiving significant information in a shorter period than it would get the same information from other sources.

Madsen (1993) found that positive personal relations and decisions taken together with the channel members have good impact on export performance. His explanation of such connection depends on the fact that cooperation leads to more qualified joint decisions and better understanding between customers and channel members enhance export performance.
2.3 External factors

Just like a company’s internal factors can influence its activity abroad, a company’s macro environment has impact on its performance. The factors coming from outside the company include forces that can affect both the firm and its actors (Jobber, 2007). These forces are determined as political, economical, social and cultural and technological factors. A firm can hardly influence them and sometimes even depend on the home country’s foreign politic and international agreements towards the host country. A number of researches have been conducted to find a connection between these forces, regarded as export barriers, and export performance. Al-Hyari et al (2012) distinguish the following export barriers: procedural, governmental as well as environmental like economic, political-legal and socio-cultural. The external factors, distinguished by Zou and Stan (1998), include industry characteristics, characteristics of the foreign and domestic market.

Fallon and Jones (2004) in their study about UK companies, doing business in Russia, identified some risks, existing on the Russian market, like economic, political, institutional and cultural, which included unstable economic and market conditions, bureaucratic and government interference with commercial transactions, corruption, increasing competition and language barrier. The last one was also determined as barrier in the findings of Hultén (2009). Other findings confirm as well that bureaucracy and competition on a foreign market are regarded as obstacles for export (Altintas et al, 2007).

Silva and Rocha (2001) in their study about perceptions of export obstacles among Brazilian firms found out that larger, more experience firms viewed corruption as well as politic and economic restraints as important obstacles for export.

Madsen (1993) found that such export barriers, as physical distance to export market or physiological and cultural differences between the home and host country, have no direct effect on export performance. However, companies, facing such barriers as tariffs have negative effect on export attitude and leads to low export activity.

Russia is an attractive market for foreign enterprises whether it regards establishing business with Russian partners, export or import. Still, different factors, existing on the Russian market can have certain influence on the export. In the present research they will be presented as PEST (Political, Economic, Social and Cultural, Technological environment) framework. Jobber (2007) refers this framework to the forces that exist outside a company that together with a company’s microenvironment create opportunities and risks for it and which a company cannot influence.

2.3.1 Political environment

Political environment in a host country is significant for the exporting company in that sense that the country can apply different means which lead to complicated import. Among such political factors there are tax regulations, tax rates, government stability, labor legislation or political interference in form of bureaucracy and corruption (Czinkota and Ronkainen, 2010). Political factors can influence import in that ways that they create a kind of regulation which foreign companies have to follow (Jobber, 2007).

Political situation in a country can impact attitudes towards the country on the international market. Due to complicated political situation in the southern republics of Russia, located in the Caucasus region, as well as strained relations with Ukraine and republic of Belarus, assassinations of journalists, which
could be related to their occupation have affected attitudes in Europe and outside towards Russia. Such circumstances probably will not influence current business activities of foreign companies but it can have an impact on taking decision if a foreign firm wants to establish its business affairs in the country. By 2009 positive attitudes towards Russia turned to quite negative (Liuhto, 2010).

According to the Network for International Trade Services (data is missing) Russia considers being one of twenty main importers in the world. Most of imported goods and services come from China (18%), Germany (12, 2 %) and Ukraine (6,4%). By 2010 Russia’s trade showed marked increase import of goods and services. Importation from Sweden reached 1,3%. Export of foreign companies to Russia can be influenced by a number of tariff and nontariff barriers, unfair and prohibitive charges and fees, discriminatory licensing and a system of registration and certification, applied by the host country.

According to Wild et al. (2008) some non-tariff barriers are quotas, embargoes, local content requirement, currency control and administrative delays. The last ones imply different kinds of controls and bureaucratic rules that foreign companies often have to face in connection to customs procedures. Not all goods can be imported to Russia through all available border crossings, and sometimes foreign companies get information about possible changes quite late. Such inconvenience and complicated customer procedures, regarded to that, lead to unnecessary expenditures for foreign exporters. Custom clearance for certain goods is possible only in ports or airports. Such ill-considered decisions with understaffed customs offices and absence of appropriate infrastructure cause logistical troubles.

As Russia is intending to become a member of the WTO and its obligation to fulfill the Coding System, the country had to make changes in tariff rates by decreasing them for the 90% of the categories of commodities. Besides the tariffs, Value Added Tax (VAT, decreased to 18% with some exception by January 2004) and some selective excise taxes were overviewed. The last ones are charged by 20% to 570% depending if it is luxury goods, alcohol or cigarettes. The purpose of application of different taxes and tariffs is supposed to protect domestic producers (the Network for International Trade Services, 2010).

Even other circumstances can determine how easy or complicated it is for foreign companies to export to Russia. It happens that documents, required to export goods, are often interpreted in different ways. Contradictory requirements cause quite often astonishment at foreign firms. Such inconsistence is caused by differences between legislative framework, regulation of subsidiary companies and administrative rules (Your guide to cracking world markets, 2011). However, it seems that more transparency in required documents has been achieved for the number of documents, which are required to import goods on the Russian market. Documentation has decreased, according to Doing Business (2012), due to the reform referred to export to the country in 2012.

**Corruption**

Corruption causes large damage both to the society and the companies, operating on the market (Wild et al, 2008). The explanation of Wild et al (2008) for the phenomenon is that this is mainly due to the reason that resources are not used efficiently. One of the reasons, why corruption exists, can be explained by the fact that the government is not powerful enough to control its bodies over the country (Sun, 1999). According to Sun (1999) corruption in Russia can depend on that divided power among the government bodies creates obstacles to put into action anticorruption laws.
Corruption is harmful on the organizational level as well. Here there can be difference between private and state-owned companies. Managers at the state-owned companies seem to be interested in short-term profits than in contribution to further prosper of the company (Sun, 1999).

Corruption can influence well-being of the country by money laundering or just transferring them to banks abroad (Sun, 1999). Still, current total situation is becoming more profitable in Russia and more investments in the country’s are made (Sun, 1999).

According to Levin and Satarov (2000) rights that can be granted exclusively by the state creates a perfect ground for corruption. Some of such rights concern, for example, privilege for export and import operations, taxes and issue of licenses.

It can be quite obvious that exporting companies, coming to Russia, wonder about how corruption among the law enforcement bodies can influence their business activity, connected to the export, in Russia. Customs and tax fees can be connected with bribes. In 1996 404 officers of the internal affairs departments were suspected of corruption, many officers in the custom service (40%) were committed with taking bribes (Levin and Satarov, 2000).

Still, some measures have been taken to fight corruption among law enforcement bodies. Internal security service was established in The Federal Security Service, The Ministry of Internal Affairs, The State Customs Committee and The Federal Service of Tax Police, where about 60% of the crimes were revealed in The Ministry of Internal Affairs (Levin and Satarov, 2000).

Government bureaucracy
Overgrown bureaucracy can complicate foreign companies’ export to Russia. The reason for that are a numerous papers, required from different government agencies. For exporting companies the main issue here is operations connected to custom clearance, how much time it will take and what documents are demanded. Still, bureaucracy will not be an obstacle to enter a foreign market if the company is compensated by possibility for large profit on that market (Wild et al, 2008).

2.3.2 Economical environment
Economical environment of a country is determined by a number of factors, such as, economic growth, exchange rates and inflation.

One of the indicators of economic performance in a country is its volume of its gross domestic product (GDP), which was -7,9 % in 2009. At the same time, only a year later GDP increased by 3,8% (Bureau of European and Eurasian Affairs, 2012). Still, the total GDP does not reflect its regional growth rate. According to Liuhto (2010), the situation can be quite different among the regions.

Despite economic slack during the recent years after the world economic crises, the Russian economy is gradually recovering, but the process is still slow, which is confirmed by the unchanged growth rate since 2010 (4,3%). According to World Bank’s report (2012) the recovery can be explained by fixed capital investment and inventories as well as increased consumption, mainly among private households.
In 2011, economic growth was achieved mostly due to consumption. Fixed investments are increasing slowly.

According to World Bank’s report (2012) economic situation can also be described by the income, this factor can be important in that meaning that consumption of goods and service will be effected. During 2008-2010 disposable income was slowly increasing, but turned down from 2010 and was decreasing during the whole year. At the same time, the situation for the incomes, referred to social protection was different. Pensions increased in 2008 and their considerable increase was reached in 2010 (34,8%). During first years of the crisis real incomes grew by 1, 8% but in 2011 the figure was lower, 1,1 %. Income distribution contributed to consumption allocation among households with middle and high income and low- income people. Among the first ones consumption decreased during 2009, but expenditures of people with low income were stable. During 2010 consumption among both groups increased. Changes in inflation rate refer also to the economic situation in the host country. Inflation rate was significantly lower that during first period of the crisis.

2.3.3 Social and cultural environment

New customer and partners abroad mean that a company will have to face cultural and social challenges that will influence how the actors of the new market will respond to a company’s product (Czinkota and Ronkainen, 2010). Hollensen (2010) points out the following factors of socio cultural environment, as language, manners and customs, technology and material culture, social institutions, education, values and attitudes, aesthetics and religion. The main religion in the Russian Federation is Russian Orthodox, which is followed by Islam, Judaism, Roman Catholicism, Protestant and Buddhism (Bureau of European and Eurasian Affairs, 2012).

Accessible education increased literacy in Russia to almost 100%; number of institutions of higher education is estimated to about 1 108. Nowadays, studying science and technology within educational system get much interest, which contributes to high demand for researches in mathematical, scientific, space and aviation spheres (Bureau of European and Eurasian Affairs, 2012).

Understanding cultural differences can be significant in the sense that a seller, taking consideration to them, applies product adaptation to a certain market. Cinkota and Ronkainen (2010) point out the following elements of culture:

- Language
- Religion
- Values and attitudes
- Education
- Manners and customs

How a company will be affected by these elements, will depend on its business activity on the foreign market, whether the company is investor or sells products or services (Czinkota and Ronkainen, 2010).

Language

To understand people’s language means to understand their culture (Wild et al, 2008). This can be especially important for foreign companies, which want to establish own business abroad.
Czinkota and Ronkainen (2010) point out some reasons why it is important to command language in international marketing:

- Command language gives advantage of information gathering. Speaking the partners’ language creates trust and improved personal relations that can contribute to further positive cooperation. Moreover, misunderstanding is eliminated, since the manager can hear and understand what is said. Command language allows a manager being part of the market, instead of just observing it.

- Access to local society.

Language has its peculiarities, which shall be taken into consideration. The same language term in language can mean different thing, which can be misleading.

Wild et al (2008) determine so called “lingua franca”, a language which is understood by 2 parties, who have different native language. Nowadays, English can be regarded as lingua franca for making business with foreign partners. Some international corporations choose one language for international correspondence, which in most cases can be English.

For a company, starting its business on a foreign market, many issues can be solved by using local agencies. Especially, it concerns making advertisement about the company’s production.

Manners and customs
Manners are “ways of our behaving, speaking and dressing” (Wild et al, 2008). Another element following culture is customs, which are established habits and ways of behaving, handed down from generation to generation (Wild et al, 2008). Differences in manners and customs between countries are obvious. Czinkota and Ronkainen (2010) emphasize importance of understanding the partner’s manners and customs in negotiations. It is quite obvious that business culture differs in every country. In such cases correct interpreting is significant to make right conclusions. Russian way of negotiating has also own peculiarities. When a foreign partner considers that the agreement is concluded, a Russian representative can propose changes in the last minute. Foreign partners, who are not aware of the Russian’s manners, consider it as poor preparation.

Czinkota and Ronkainen (2010) point out another part, that also refers to customs in other cultures, which is gift giving. Gifts are an important part of creating relations between the partners. Some things have quite neutral meaning, but the others can cause misunderstanding and astonishment from the local partners’ point of view. Before to give a gift to the partner shall be whether it is a proper one. For example, in Russia, as well as in Germany and France, it is not recommended to give a knife or any sharp things (Wild et al, 2008).

2.3.4 Technological environment
As for the technology development Russia was the 50th of 154 countries between 2002 and 2007. Such conclusions were drawn on the basis of research, where technological development of each country was measured by eleven indicators, like number of internet users, educational level and literacy rate, access to stationery and mobile telephones and wideband digital networks. The countries that have leading
position within information technology and communication are Sweden, South Korea, Denmark, the Netherlands, and Iceland (Sivankov, 2010).

The difference between Europe and Russia how much employed in R&D is large. The number of people, involved in Research and Development is 30% in Europe and only 1.5% in Russia. Still, even if the figures are low, technological development is considered to be high, which can be explained by large amount of high-educated people, working in the technological area. Russia is one of the countries, which have leading positions in the following spheres: nanotechnologies, power generation, space and software. As for the nanotechnologies, this sphere is one of priority-oriented by the government, since, the investments are in it are gradually increasing since 2010. Power industry is developing as well and large investments are made especially in nuclear power industry. Development rates are planned to increase due to new equipment and increasing generating capacity in every plant. There is large interest for producing renewable energy. Due to the country’s size and high transportation costs there through, local energy sources would be a reasonable solution (Sivankov, 2010).

2.4 Frame of reference
According to Miles and Huberman (1994) the main idea of conceptual framework is to explain what the research will be about by using a narrative or a graphical form, and to show relationship between the key factors. Deeper understanding of factors that can influence Swedish companies’ export performance in the Russian market is the aim of the research.

The graphical form shows connection between different components of internal and external factors and export performance.
Figure 1. Influencing factors

The figure shows that factors influencing a company’s export performance are divided into internal and external. On the assumption of the literature review, majority of studies, regarding connection between internal and external factor and export performance, show that most success factors belong mainly to internal ones, and barriers seem to be referred to the external factors.
3 Methodology

This part presents information about what research methods were used and how empirical information was gathered. As well, method problems are revealed to the accuracy of the collected information. The methodology part also includes information, which methods of analysis will be used to analyze the empirical information.

3.1 Research approach

Either qualitative or quantitative approaches or their mix can be applied in researches. The purpose of quantitative method is to answer questions like “how much” and “how many” and results are quantified by using statistical techniques. Such kind of research usually involves lots of respondents and tries to find statistical implication (Miles and Huberman, 1994).

So that to get right answers for the research questions, it is important to make a correct choice between qualitative and quantitative research. The second one is based on the understanding that we obtain from figures (Saunders et al, 2009), which is an opposite of the qualitative research, when we interpret meanings by words and not by the figures (Saunders et al, 2009).

For the present research qualitative approach seems to be the most suitable form. It helps to get answers for the questions like “how” and “why” and will be more relevant to get answers, what Swedish companies consider about factors, leading to successful export or the factors that are obstacles to it. The main purpose of using qualitative approach in this case is not to get a statistical data, but interpret the views of the relevant companies.

3.2 Research strategy

Choice of research strategy depends on the purpose of the research. Saunders et al (2009) points out some possible strategies, such as experiment, survey, case study and action research. Among them case study is the most suitable form for conducting the present research. According to Yin (2003), such kind of research implies study a certain phenomenon in “its real life context”, especially when it is difficult to distinguish between phenomenon and context. Additional explanation why case study is useful is its connection to the research questions. Since the purpose of the present research work is to answer the questions “how” and “why” case study can give better answers than any other research strategies (Saunders et al, 2009). These two questions are asked about the present events, which the researcher cannot control (Yin, 2003). It means for the present study that the author cannot influence the case companies’ business, regarding their export activity.

Case study as a strategy is often used in explanatory and exploratory researches. Explanatory researches are used mainly to find casual relationship between two phenomena in a specific situation (Saunders, 2009). The purpose of applying exploratory strategy is to find new insights; when understanding of a problem is needed (Saunders et al, 2009). Besides, this strategy allows a researcher being flexible, i.e. new information can influence choice of the research direction. On the assumption of an exploratory purpose of the present research, this strategy is chosen by the author.
3.3 Literature search

Except research articles, books on different subjects within the research framework were used. Material, available by the electronic resources of the library at Luleå University of Technology gave advantage for information searching. To find necessary information such databases as Emerald, Google Scholar, LUCIA, Scopus as well as search system for electronic and print journals at LTU were used. The keywords were export, success, obstacles, Sweden, Russia, internationalization.

Previous studies about factors, influencing export, were used as well. To get better understanding of internationalization and aspects of export to other countries research articles were studied.

3.4 Data collection methods

To get information for the research primary data was used as well. Primary data is described as data, collected to the conducted research (Saunders et al, 2009). To get more specific answers for the research questions and to confirm or confute the results of the previous studies, some interviews will be conducted.

Since, the research is conducted according to a qualitative approach with exploratory purpose; an interview is the most appropriate method to collect the primary data. Yin (2003) points out some types of data collection for case studies, like documentation, archival records, interviews, direct or participant-observation. Among them he considers that interview has a significant role for collecting information for case studies.

According to Saunders et al (2009) one-to-one interviews can be of different kinds, like face-to-face, telephone or electronic interviews. Still, it was decided to conduct a personal interview due to the advantages that it is supposed to have. Such kind of interview contributes to establishing personal contact (Saunders et al, 2009)

Primary data for the research was collected by semi-structured interviews with the representatives of the chosen companies. Such kind of data collection allows concentration on the research subject (Yin, 2003), flexibility and possibility for additional questions that can give further important information for the present research. In addition, semi-structured interviews are widely used for studies with qualitative approach. To get general picture about business activity, the respective company’s web-page was visited (as a source of secondary data).

Questions for the interview were based on the theoretical part of the research. According to Bryman (2011) the questions must cover the subject, which implies certain significance, but they shall be formulated from the respondent’s point of view. It means that a researcher shall undertake to consider how an interviewee will answer a certain question or how he will react.

The interview guide was composed initially in English and then translated into Swedish. This was done with regards to that the respondents are Swedish and so that they would not misunderstand a posed question.
Before the interview started (as well as when representative of a respective company was contacted) a brief presentation was done what it will be about and it was asked about permission to record the respondent’s answers.

In order to document the information, it was decided to record the respondent’s answers, when the permission was given, to the mobile phone by using its recording function. This decision was taken due to some reasons. According to Saunders et al (2009) such kind of collecting the information has both advantages and disadvantages. For example, it means that the interviewer can focus on listening to the answers for the questions and observing the non-verbal signals of the respondent. Further advantage of recorded interview is possibility to re-play it. This allows coming back to the answer in case better understanding is needed. In addition to that, direct quoting is possible. Still, an interviewer shall be aware of possible disadvantages of recording an interview (Saunders et al, 2009). Among them are eventual technical problems with recording device and it can create inconvenience to the respondent.

The information, gathered during the interviews was refined, transcribed into written text and translated into English. Since such information processing can cause misinterpreting, the translation was done as carefully as possible.

3.5 Sample selection

Different sampling techniques can be used whether it is quantitative or qualitative research. These methods are included in probability or purposive sampling (Bickman and Rog, 2009). In the present research only purposive sampling is applied as it is completely related to the point of the research, when some certain cases will be chosen and analyzed. Bickman and Rog (2009) define the following techniques, used within this sampling strategy: sampling to achieve representativeness or comparability, sampling special or unique cases and sequential sampling. The author of the research applies the second one technique because it provides with better opportunities to get answers for the research questions.

According to the subject of the present research and its purpose, the companies selected for the study had to meet certain requirements, such as it must be a Swedish manufacturing company or companies, which export to Russia or have had some experience of exporting to that country. The respondents should be representatives of Swedish companies that have had experience of export.

To get sample of possible companies a meeting with the Swedish Trade Council, Luleå, was arranged. These specified companies have their location in Västerbotten and Norrbotten and operate in different sectors of industry.

Case companies were chosen according to their business activity. The choice depended on the kind of their production, whether the company manufactures products or sells service, and their location.

Finally, it was decided to choose the company Part AB, located in Kalix, and Liko AB, Luleå. Such decision was taken due to distance advantage to the chosen companies. Close distance simplifies contacts and information gathering, required to make this research work possible.

Selection of the company’s representatives did not depend on the author’s decision. The names were obtained when the author contacted respective company and explained the purpose of calling; the
author was referred to the potential respondents as they are supposed to be the most appropriate employees, who could contribute with necessary information for the research.

Representatives of the companies, whose experience is valuable for the present research, were contacted when sample selection was done. When permission to conduct an interview was obtained, the interviews were conducted.

Representatives of both companies work with tasks, dealing with export. The main job duty of the respondent in Part AB is supply responsibility. He receives specified orders, books up and holds a bidding regarding freight costs. In addition, he takes care of physical processing that includes ordering and costs. In other words, the respondent’s responsibility is to take care of freight, shop and delivery. The representative of Liko AB works as a team leader for the group for order collection and is order coordinator.

3.6 Data analysis
The empirical information, gathered during the interviews, is analyzed by within and cross-case methods. Analysis made by the first method allows comparing empirical findings with the previous studies, described in the theoretical part of the research.

By making cross-case analysis, the findings can appear to be stronger. Two different cases are regarded as individual cases, and findings from both cases are combined with each other so that to make a general conclusion (Yin, 2003). According to Miles and Huberman (1994), cross-case analysis increases generalizability and “to deepen understanding and explanation”.

The findings will be presented in a text form for within-analysis, and a table will be used to demonstrate the differences between the companies within cross-case analysis as well as explanation to the table.

3.7 Quality of data
A conducted research deals with aspects of reliability and validity. Finding of a research can depend on implementation of data collection and analysis, done by the researcher. That is why to avoid getting wrong findings the researcher should take into consideration the importance of validity and reliability.

3.7.1 Validity
Validity can be described as measuring the right thing, i.e. the studied phenomenon corresponds to what the researcher wants to study. Level of validity is determined as high when right things are measured (Bjereld et al, 2008). Yin (2003) points out construct validity, which implies using specific measures for the studied phenomenon. In this case data collection requires using multiple sources of evidence, chain of evidence and “a case study database”.

Findings of the present research will be based on the interview guide. In order to achieve high level of validity the interview guide, based on theoretical studies, was submitted to the supervisor. After that the interview guide was improved on the basis of the received comments so that to be used in dialogues with the representatives of the companies later on.
As for the present study, both respondents, who participated in the interviews, have been employed in the relative company during quite long time. The representative of Part AB has worked during 6 years and the representative of Liko AB has work during 25 years in the company. They are both work with issues, regarding export and have been engaged in respective company’s export to Russia. The reason why just these representatives were chosen for participation in the interview depends on that during the first contact with the respective company, the researcher was referred to them. Such selection implies that they are considered to be the most appropriate persons for getting empirical information for the present research.

Still, even if both representatives have been employed quite long time and know much about the issues, regarding their work, connected to export, some other problems can arise. Both interview participants had difficulties with answering some questions, because as they expressed it, they “did not possess information to be able to answer the asked question”. It implies that the information, gathered for the research is in some parts incomplete and does not give opportunity to confirm or reject some of theoretical issues, touched upon in the research.

3.7.2 Reliability
The purpose of the reliability is to make a research as correct as possible (Yin, 2003). The reliability of the present research can be considered as good. The information, received during both interviews, was recorded on the mobile phone that eliminates misinterpreting. According to Bjereld et al (2007) one can use different means to improve reliability, like to make repeated study of some part of the previous research or let other researcher conduct the same study.

As for the present study, later on, when the information was refined and structured in a text, it was sent to the both respondents so that they could look through it and confirm or reject wrong information.
4 Empirical data

This part of the research contains empirical information, obtained from two case companies. The information will be analyzed and used for answering research questions.

4.1 PART AB

4.1.1 Company information
Part AB produces prefabricated bath rooms and operates in construction industry. Most of its products are delivered to the building sector. The production volume estimates to 5000 prefabricated bath rooms per year and the company is planning to increase the volume.

The company is an expanding one and has about 150 employees now. During the period of economic recession between 100-200 people were employed at Part AB and the company is going to employ more people now. The company has its head quarter in Kalix and representative offices in Stockholm, Malmö and Uppsala in Sweden. It has its distributors in Norway and Finland as well. As for export, the main market is Norway. The annual turnover of Part AB is about 120 million SEK.

The main customers of the company’s production are basically hotels and no private apartment owners. The respondent says that much depends on the required standard. To deliver prefabricated bath rooms with low standard requires large volume so that it would be profitable.

The company exports its production mainly in Scandinavia, namely Norway, Finland and Denmark. Except these countries Part AB has exported its production to Germany, England and Ireland. Part AB is still receiving a lot of inquiries from the British Isles and a part of Scotland. The company has also delivered its products to Island, and it was a unique project.

Part AB started to export its production to Russia in 2008. The reason why the company started export was that Russia is an expansive market, and the executive group can see it as potential. Nowadays building industry is developing in Russia. This means a lot of work for the company, but under condition that all the channels perform well. Sometimes it can be difficult. Part AB does not have any continual export to Russia, but receives inquires from Russian customers.

The respondent considered that it was difficult to answer the question, regarding the factors that had the most positive influence on the export to Russia. On the contrary, the factors that had the most negative influence considered to be burdensome bureaucracy and corruption. Part AB confronted with corruption only initially during the first delivery. After that everything went well. The respondent says that “bureaucracy is as it is”. The first shipment was complicated, but when they got through it, it just rolled on. According to the respondent the most important factor was that they had an agent in Russia, as well Russian haulage contractor with Russian drivers was hired, that facilitated customs clearance. The haulage contractor was from Saint-Petersburg.
4.1.2 Internal factors

Organizational level
Part AB did not experience any difficulties with starting export to Russia by reference to its size. Still, the respondent emphasizes that it can be different for small and medium sized companies. As for export to Russia, if a company has a right channel on the Russian side, it will function well. This regards generally all the companies. If a firm does not have any Russian contact or someone, who deals with different issues, it can be complicated. A firm size can be significant in that sense that if it is a small company, it has less resources and it will experience more problems initially. If one has routines, it will function, but start can be difficult.

Part AB started export to Russia for about 4 years ago, but to other countries, basically, when the company was established. In the beginning the production was exported only in Scandinavia. On the first stage, the company got problems with the Norwegian customs. However, the issues were solved because Part AB has cooperation agreement with its Norwegian partner and nowadays cooperation is going very well.

The respondent evaluates the company’s international competence as medium. They have agents in other countries. According to the respondent international know-how is not needed for the core work. Part AB employs different agents as sellers. The company has a contact person in Russia, who helps and functions as a network.

As for describing the influence of international competence on export performance, the respondent considers that a firm shall have “international know-how” so that it could work. As Part AB exports its production to Norway, it will be enough with Norwegian contacts. Influence from the host country.

Before the company started export to Russia, Part AB wanted to know about the economic situation on the Russian market and a customer. As the respondent emphasized one does not want to deliver the production without prepayment that is why the company always requires advanced payment. This part is the most important, to be sure of getting money. If the company delivers to the continual building (CTP), it takes responsibility for risks. This can imply problems in the future because of costs for freight and material. Except the economic part, Part AB wanted as well to get know how contracts should be written, how one should secure oneself to get money, what can be a difficult part between the future parties. The respondent considers that it is important as well to learn about customer, when a company enters a foreign market. According to the respondent it feels secure to do business with an international firm, but not if the company is entirely Russian. As the respondent said “otherwise, it feels nervous”. One does not know about financial possibilities. The economic part, to get agreement endorsed, to be sure to get payment. Part AB applies 20% advanced payment.

The respondent considered that it was difficult to answer a question regarding business network on the Russian market. He supposes that Part AB had a business network, when it exported to Russia for the first time. He supposes as well that the managing director and the owner of the company know better, because they were personally in Russia. The company’s agent in Russia can be regarded as business network.

According to the respondent business network has a certain influence on a firm’s export performance. It is important to deliver and sell to all parties who want to buy, whether they are in Norway, Russia or
Denmark. Business network can influence company’s own networks, because operations towards Russia are different. This is not so easy; one must have networks that are on a higher level. Without knowledge of Russian, one can use English language.

**Managerial level**

Part AB has managers but they are not engaged in international affairs. The respondent equals a manager and an agent. He has little international experience, when he has to work in the Czech Republic, where the company had a plant. In the relevant countries, like in Russia, Part AB has agents, who are company’s sellers.

Part AB employs only extern resources to obtain contacts and involve own sources in work. The respondent considers that one can always get benefit from them. Every country has own peculiarities. There are differences, one can do business in one way in Russia, but it will be different in Germany.

Those managerial characteristics that are important for export performance are openness, understanding of different cultures and different ideas. It is important to understand how the person acts and what culture is. Culture in Russia, how one shall handle with it, what one should do, how one shall behave during dinners. If one treats own countryman in one way, one cannot expect the same somewhere else. One should be flexible, to have ability to understand, this is important.

The respondent considered that it was difficult to answer the question, regarding connection between managerial attitudes of the company and export performance. The respondent is convinced that a manager’s attitude is sufficient for a firm’s export performance. If a manager has a negative attitude, it will lead entirely to a bad result.

The respondent is not sure, if the company has got any advantage of private contacts. The local agent in Russia is Swedish and the respondent believes that he knew the owner of the company before establishing the business, what was positive. The agent’s network is important because one learn others via someone.

**4.1.3 External factors**

Those difficulties that the company had to meet, when they started export to Russia were regulations, to understand how it works. Part AB had to contact Swedish Trade Council to get assistance how one should act. Still, they got little information from the Swedish Trade Council, that could be useful, just general guidelines, what one should do, how, what aspects were important.

Political situation had quite marginal impact on export in 2008. Part AB noticed only little of it. There was no direct resistance to export to Russia, in other words, the company did not experience any obstacles towards import in the Russian politics. As for the importing tariffs, the only thing that the company wondered about was why the production should have a special title. As the respondent explained it, it is important to get correct duty status on the assumption of customs duties. It is important that correct specification and tax code are used so that the tax code would be right.
As for corruption in Russia, the respondent says that there are problems related to it, but a lot is just hearsay. The respondent told that an agent, who was engaged in similar work with a Finnish haulage contractor, was not allowed crossing the Russian border and had to wait for a long time. As the respondent experience it, it was very messy. The agent who worked with other operators within exactly the same sector advises Part AB that they must have a Russian haulage contractor and Russian drivers to be able to transport goods smoothly. Probably, that Finnish car had correct documents, but it was a Finnish driver and the customs wanted to earn money by not letting him go further. Sooner or later someone will come and offer some money. As the respondent point out such things says that there is high level of corruption. The first shipment of Part AB encountered this fact, when one found a gap in the documents and tried to exploit the system.

As for bureaucracy, Part AB considers bureaucracy in Russia to be cumbersome. As an example, the respondent showed a document with eleven stamps of different organizations for approval to cross the border.

The bureaucracy had negative influence on the company’s attitude towards export to the Russian market. On the assumption of the further experience, the shipment is carried out mainly by the customer now. If a customer wants, he can come to the plant and pick up the ordered product. This is done so that to avoid customs clearance. In this case the responsibility lies with the customer that facilitates the situation. The company’s experience is that when Part AB is responsible for the transportation, it becomes more complicated and the risk to become stuck for something in the custom is high. According to the respondents if there is some little deviation, it will lead to problems. If the customs want to make spot-check and to look at a prefabricated bath room, one can face the situation that some component or a little detail classifies as “country of origin is not classified” will lead to stop. It is required to show a document with table of contents to the right material. For example, the company had difficulties in finding correct document for the “dry balls” because they consist of only salt.

The respondent’s spontaneous idea of economic situation in Russia is that there is a lot of money there. The Russian market considers being good and the economy seems not to imply problems, at least on those levels of export that Part AB has had to Russia. Still, in order to get correct indicator, about 10-15 projects are required to get right picture. The economic situation did not have much influence on the company’s export performance.

According to the respondent, the social factors did not have any influence on the export performance. PartAB would like to deliver its production to houses. Still, in this case the social standard determines standard for bath rooms. The more exclusive an apartment is the more probability that Part AB will get more payment.

The cultural differences had little influence. According to the respondent, the country’s bureaucracy reflects its culture, which follows each other. However, the language is an essential part, regardless where the production is delivered. In most cases it is regarded as difficulty. It can be English instead, but there are limitations there as well. Part AB has an employee who commands Russian, and it facilitated situation, when the company would sent the first shipment.

As for the technological competence in Russia, according to the respondent it is on the high level. A building construction is a part, there must be a technical specification how it functions and there was not any problems regarding it. The respondent does not know, if Russian customer had to adjust to the
company’s production, or the company had to adjust to the Russian building standard. They must have had primary condition to be able to use the modules. According to the respondent, know-how is generally quite high. At the respondent pointed out that even if man is educated, it does not mean that man is an expert; however, it seems that there are a lot of highly educated and professional people.

The respondent pointed out that there is another factor, which can influence export performance to Russia and it has rather negative impact. The fact is that the product must be complete, when it delivers. The reason for that is delivery of the missing parts can cause high costs and problems in customs. It depends on that a customer has already paid for the complete product. The situation can imply double customs clearance. Except that a question arises, regarding guarantee that Part AB offer its customers. In the first shipment, sent to Russia, there was one thing missing and the Russian customer probably had to solve this problem by himself. How can one get the missing detail? The respondent speculated that the Russian customer cooperates with some local intermediary to get details and guarantees.

The question regards a world economy in general, because it rules to a certain extent. If the world economy is favourable, it has positive impact on a market situation. If the domestic market in Russia is breaking down, enterprises have problems, it can be positive for the company’s business, as here an extern factor comes, when Part AB can deliver a complete product. It will be easier for the Russian companies to build. However, this is a world economic issue whether it will be positive or negative.

The respondent wishes that the bureaucracy in Russia would not have such extent, so that the company could export more to Russia. It is necessary to have a system or a channel, that works, or en information channel or an agent, who makes operations smoothly. Part AB is ready to go further to Russia if there is no risk for bad deals.

4.2 Liko AB

4.2.1 Company information

Liko AB has 130 employees in Alvik and is the largest unit, where production is carried out in Sweden. The headquarter of the company is located in Alvik. Liko AB has also some smaller representative offices over the whole country. The turnover of the northern unit is 600 million SEK. Liko AB is a part of Hill-Rom Company.

The company operates in manufacturing sector, producing medical and technical equipment and its customers are mainly hospitals.

Liko AB exports its production almost to all countries, all continents are included. The largest market is USA, where Liko AB exports to through the Hill-Rom Company, as well as to the whole East Europe. It has its representative offices in Asia, Middle East and the South Africa.

Liko AB started export to Russia, when they were contacted by the Russian distributor in 2001. The company was a little skeptical in the beginning; it was more difficult to export before. Cooperation was slow and it was difficult in the beginning, but later on it appeared to be a profitable one. It took time to learn how to penetrate the Russian market. The representative pointed out that one needs stability and should not change a distributor. Liko AB is still exporting to Russia.
Those factors that the respondent considered had the most positive influence on export to Russia was growth potential, the distributor had good cooperation with the public hospitals and the administrative managers. The company got an indicator for development and that potential would increase and it was confirmed later on.

On the contrary, the factors which had the most negative influence on export to Russia seemed to be perception of Russia as an unexplored country, which their sellers never been to before. How skillful one should be to make installations in hospital facilities, it is important that installations should be made in a proper way. Only when installation is made, one can get an idea of the company, but if something is wrong, it will create a negative image of it. Another challenge was that it was difficult to get production into the country, but the distributor made all arrangements and the company did not have to be involved in it.

The difference between Russia and customers in other countries is that the company can deliver its products more or less frequently. On the contrary, it is much more difficult to export to Russia. Russian customers want rather pick up the ordered goods less times per year, but it should be full trucks and there must not be any residual notes. Liko AB must have everything available. Since Russian customers order so much, it implies a challenge, to get all the commodities into the country; everything should be available in time. Liko AB starts to prepare and packet everything some weeks before.

4.2.2 Internal factors

Organizational level
According to the respondent, it was not difficult to start export to Russia with regards to the company’s size. Liko AB started export in the beginning of 80s and export to Russia was started in 2001.

As for the international competence, Liko AB is a part of Hill-Rom Company, which is an American corporation. It has large competence and local representatives in the whole world.

It is important to know the local market, there are differences and the products cannot be sold to all countries in a similar way. It can be explained by different requirements; one should know demand for different products. Otherwise, it will be only expenditures.

Before Liko AB started export to Russia, the company had contacted Export Council. Russian customers and Liko AB visited each other in their respective country. Test installations were made and the visitors had opportunities to learn each other, who they work with.

In the beginning Liko AB did not have any business network, but was contacted by a Russian side. When the company entered the concern, the business network became larger.

The respondent considered it was difficult to answer a question, regarding influence of business network, because it is not included in her ordinary job and administration seems to know better.

Managerial level
Liko AB has managers from different countries, 3 Americans (supply manager, quality manager and one who works with Research and Development) and one manager from France. Every one works in Hill-Rom Company, where one changes work places. Moreover, Liko AB has a manager who works with sales to West Europe, further 2 managers work with technical support, which is “also sales” as the respondent said.

Managers, working internationally make new contacts; give input to the sellers about the company’s products. The local sales team teach other sellers to sell the products, to what markets, what segments one should turn to, what hospitals, how to transport, how to sell products to different hospitals.

Regarding managerial characteristics, according to the respondent’s experience one should be familiar with in the market. It is not enough to have just a sales orientation within a certain segment and an area, where the company’s products are sold. As a person one should be social, focused and have ambition for growth, but to do it carefully. As the respondent said “one should be a kind of superman”.

The respondent considered it was difficult to answer a question about the influence of a manager’s attitude towards export. She considered herself to be a wrong person to answer this question. According to the respondent it feels like all of them work with export. Everyone has contacts with customers and understands the importance of it. The respondent could not give an answer for the question, regarding connection between a manager’s attitudes and the export performance of the company.

The respondent does not know if the company had any private contacts on the Russian market and if the company had any advantage of it.

4.2.3 External factors

The respondent considers that product handling is more thorough than in Sweden. A product shall be registered so that to be imported. Otherwise, Liko AB did not have any big difficulties, when they started export to Russia. The company had Russian distributors, who had experience in importing from other countries in Europe, who knew the routines.

The respondent does not know en exact political situation in Russia. The sales did not changed and were increasing from year to year. It looks like many companies are interested in the Russian market. Liko AB was unique in this area before, but there are many competitors now. The market seems to be more open and foreign companies want to know it. The respondent does not know if tariffs influenced the export, because they do not take care of import to Russia.

As for the influence of the political situation on export, it was nothing that the company noticed in the negative meaning. The only thing that they noticed was in connection with some change. A top politician, who was involved in decision about purchasing for a hospital, had to leave his post. The company noticed that the purchase was postponed. That made Liko AB uncertain if it the sales will take place or not. This is the only thing that the respondent knows.

Because the company does not handle export by themselves, it is nothing what the respondent knows about corruption in Russia, but just has heard about it. The respondent guesses that there is corruption
and it is widespread in the society. Still, nothing has been noticed from the company’s side. Liko AB would not do business if it had faced it. The respondent considers that export goes very well and the company can export to any customer.

As for bureaucracy, the only thing that the company noticed was that if Liko AB has to deliver a product to the country, the customs arbitrary stops the product. In this case the customs informs the company that the product cannot be brought in the country. The respondent points out that in such cases it feels that corruption is implicated and the customs tries to trade on the situation. Liko AB would readily continue with express deliveries to Russia, but it does not work. The Russian customers have to come here and pick up the commodities if they need them urgently.

Anyway, the respondent considers that bureaucracy did not influence the export. If Liko AB would be responsible to get products into the country, it would be different. As the customers come and pick up the ordered product, it works well. One needs certain documents to bring in products in a country, but it is everywhere.

The respondent does not know about economic situation in Russia, but considers that there is competition and it is more press on Liko AB now. Distributors cannot order a product long time before, which influences bidding process. The economic situation in Russia contributes to a stable growth, sales have been really profitable and the respondent determines it as favorable.

The respondent does not about how social factors had influenced Liko Ab’s export performance to Russia. As for the cultural differences, the respondent wanted an explanation to the question, whether it regards differences between populations or how the company’s production is perceived on the Russian market. The only difference, which the company noticed was that people do not have the same attitude towards products made in China in west; i.e., there is a “country of origin effect”. Goods coming from Asia can have good quality as well, but the Russian customers regard them as bad-quality products. One can see differences in how one looks at things. A company will not be taken seriously if it sells Chinese products. As for language, contacts with the distributor became limited. They speak English, but an interpreter shall always be available. The respondent feels that it is hinder from getting a personal relation to the managing director. It will be no private relation. However, it works well for experienced foreign companies.

The respondent could not answer a question about connection between technological competence and export performance. The company’s products are not so advanced, and all installations are made manually.

The other factors, which can influence export to the Russian market is competition, how it will look like in the future. An important issue is how it will be for other companies to be established on the Russian market. Besides, if there is some dramatic change, like an old story between Russia and USA. For example, Liko AB is not allowed exporting to some countries (Iran and Syria). If there is a conflict on a political level, it can be stop for export. Still, it is very little probability that it can happen.

Liko AB has exported to the Russian market during many years. The company considers that it can take a part of affairs; hospitals are modernized, before coming Olympic Games it is planned to equip local hospitals with the company’s products.
5 Analysis

This part of the research presents analysis of the empirical information and findings, regarding factors, contributing to export success and factors, which are barriers for it. At first, empirical information will be analyzed within single company and then compared with findings from both companies. All findings from empirical data will be related to the previous studies, described in the theoretical part of the research.

5.1 Within-case analysis

5.1.1 PART AB

Internal factors

Organizational level
Part AB is a growing company and it is planning to increase number of employees. Nowadays it has 150 employees and can be considered as medium-sized company in accordance with EU recommendations (2003). According to the respondent, the company did not experience any difficulties with starting export to the Russian market. This fact supports theoretical findings, made by Gomez- Meja (1988) about connection between firm size and export performance. However, the situation can be different for other small firms. The respondent’s further considerations coincide with researches of (Bonaccorsi, 1993) that smaller companies can experience difficulties in the beginning because of disadvantages, related to the size.

Part AB has exported to different countries and has long export experience. This can be referred to connection between export experience and attitudes to export, found by Gripsrud (1990). It can be quite obvious that a company exports first to the neighboring market and if goes well, the company wants to expand its export to other markets. In the beginning Part AB exported mainly in Scandinavia and when it saw eventual profits outside the local market, it started to export to other countries. In other words, company’s export experience leads to better attitudes towards export.

As for influence of international competence, Part AB considers that it is necessary to be aware of international markets, which coincides with the findings, made by Hallen (1982). General knowledge and awareness of peculiarities of a certain foreign market is essential for export success. That is why before starting export to Russia, Part AB contacted Export Trade Council to get necessary information, what is special with the Russian market, regarding its economical situation, customers and signing an agreement with a partner.

Before the company started export to Russia, they had a local agent from Sweden. Available business network can influence export performance by affecting the company’s own networks. However, none theoretical support is available for this.

Managerial level
The respondent sets equality sign between a manager and local agent in Russia. The company experience that it is an advantage to have a local representative. Since every country has own peculiarities that influence domestic market, it can be important to have a qualified partner.
Certain *management characteristics* can be important for a company’s export performance. For Part AB they are openness, ability to understand different cultures as well as new ideas. Moreover, the opinion that such characteristics as flexibility and differentiation what is important, find support in the findings, made by Leonidou et al (1998).

Even *managerial attitudes* can be significant. Negative attitude will lead only to negative performance. However, any previous studies, to refer this opinion to, were not found.

According to Louter et al (1991) *personal contacts* can contribute to a company’s export success. Business contacts can sometimes be regarded as private contacts as well. As it has been mentioned before, Part AB has a Swedish agent in Russia, who can also be considered as the company’s local social network. Part AB gets advantage of such relations, because it can lead to contacts with other future partners or private persons (Louter et al, 1991).

*External factors*

*Political situation* in Russia did not have much influence on the company’s export to the country, when Part AB started it in 2008. Russia is one of the largest importers and imports goods from the whole world. Government can impose different measures, restricting import, but as for export from Sweden, there are no known restrictions.

*Corruption* can be a part of political system in a country. Part AB considers that it can have a negative influence, but does not see it as an obstacle for export, which is an opposite to the findings of Fallon and Jones (2004). Part AB did not experience corruption on that level that it would influence company’s export to Russia. However, the company’s first delivery was problematical. Part AB is aware that corruption exists and seeks measures so that to avoid its possible negative influence on export. The fact that a car from another company, working in a similar branch, was not allowed crossing the Russian border and had to wait during long time. Even if the driver had correct documents, it can be an evidence of corruption, related to bribes within customs service. Levin and Saraton (2000) pointed out that bribes were very common among officers, working with foreign affairs and officers in the customs service.

Part AB experienced that Russian *bureaucracy* is quite burdensome. Customs procedure was experienced as time-consuming and complicated. The respondent showed a document, required for customs clearance with 11 customs seals and stamps from different organizations. It is quite obvious that a foreign company can regard such complicated procedures as an obstacle for export to the Russian market. Such bureaucratic regulations and requirements for the documents had a negative influence on the attitude of Part AB to export to Russia and in this case bureaucracy can be regarded as a barrier, which is supported by Altintas et al (2007). Part AB had to reconsider their delivery system and now Russian customers have to come and pick up the ordered good.

*Economic situation* did not have negative influence on the company’s export. On the contrary, Part AB sees the Russian market as an attractive and a growing one with good economic potential. This empirical finding does not coincide with export barriers, suggested by Al- Hyari (2012), where economic situation is a risk for a foreign company.
Other factors, like social environment did not have any influence on the export. However, cultural differences had a little impact. Here respondent determined language as an obstacle. The company has an employee, who has command of Russian language that made contacts with Russian partners easier. Language as an obstacle was also revealed in the findings of Hultén (2009).

Technological competence is considered as large in Russia and the company did not experience any influence from technological environment.

Part AB considers that there are other factors that can complicate export of their production to Russia. The fact is that their product must be complete, when it delivers. Otherwise, it will lead to problems with customs clearance. Another point is how the company should provide guarantee service for the customer.

Except the above mentioned factors, influencing export to the Russian market, world economy can play significant role.

5.1.2 LIKO AB

Internal factors

Organizational level
Liko AB can also be regarded as a medium-sized company (EU recommendations, 2003). On the other side, Liko AB is a part of Hill-Rom Company, which is represented in the whole world. When it started export to Russia and during export now, the company did not have any difficulties judging from its size. This is also supported by the findings of Gomez-Meja (1988).

The international competence of Liko AB can be regarded as high due to it is a part of Hill-Rom Company. To have international competence For Liko AB is important because it gives knowledge about a foreign market. Such necessity depends on differences between domestic market and foreign one and demands for a company’s products. This opinion coincides with findings, made by McDougall et al. (1994).

It is difficult to estimate influence of business network on the company’s export performance because no empirical information is available.

Managerial level
Manager with international experience have a positive impact on export performance as a whole due to new contacts and information spreading. Managers are a source of knowledge about the company’s production, new sales channels and markets.

It is also difficult to estimate influence of managerial attitudes, social network on export performance.

Liko AB considers that a manager, who is outgoing, concentrated, dedicated and ambition to expand, but to do it carefully, is important for export performance. Still, such opinion does not have theoretical support in the present research and can be regarded as a new finding.
External factors

*Political situation* in Russia did not have any negative influence on the company’s export as a whole.

Liko AB considers that *corruption* did not influence the company’s export. However, Liko AB supposes that it exists, but it has not had any experience of that. Since export is stable and continual, corruption is not regarded as an obstacle for export to Russia, which is an opposite finding of Fallon and Jones (2004).

Many companies view *bureaucracy* as a barrier for export to a foreign market (Altintas et al, 2007), but Liko AB does not regard it as any difficulty. Probably, for the most part it depends on that the company is not responsible for import, but a Russian distributor takes care of procedures, connected to import of their production to Russia. Otherwise, Liko AB is doubtful that export would be easy to implement.

*Economic situation* in Russia is perceived as favourable, leading to high sales. In the case of Liko AB it cannot be regarded as an obstacle as well. This finding does not support conclusions of Fallon and Jones (2004).

As for *social factors*, the respondent was not familiar with their influence on export performance. This makes impossible to make a reference to any previous study.

*Cultural differences* can also impact a company’s export performance, but the company does not regard them as an obstacle. Al-Hyari (2012) sees socio-cultural factors as barriers for export, but this is not confirmed by Liko AB. Within social and cultural environment language is regarded as a main barrier for making business abroad. Liko AB has also had to face this problem (Hultén, 2009). Command of the language gives opportunities for creating personal contacts with partners, but Liko AB considers that these relations with the chief executive officer of the distributional company are limited due to the language barrier.

The respondent was not familiar how *technological environment* in Russia influenced their export performance. In this case, it is impossible to determine its barrier status.

5.2 Cross-case analysis

The cross-case analysis is presented in a table, where results from empirical data about both companies are compared with the theoretical findings from previous studies. The model of the table is based on the recommendations for presentation techniques of Miles and Huberman (1994).
Table 1. Cross-case analysis, success factors and obstacles for export

<table>
<thead>
<tr>
<th>Frame of reference</th>
<th>Part AB</th>
<th>Liko AB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm size</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Firm’s export experience</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>International business competence</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Business network</td>
<td>+</td>
<td>?</td>
</tr>
<tr>
<td>Management characteristics</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Management attitudes and perceptions</td>
<td>+</td>
<td>?</td>
</tr>
<tr>
<td>Social network</td>
<td>+</td>
<td>?</td>
</tr>
<tr>
<td>External factors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Bureaucracy</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- Corruption</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Economical environment</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Social and cultural environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Language</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>- Language</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Technological environment</td>
<td>0</td>
<td>?</td>
</tr>
</tbody>
</table>

"+" positive influence on export performance  
"-" negative influence on export performance  
"0" no influence on export performance  
"?” given “don’t know responses”

5.2.1 Internal factors

The cross-case analysis shows that both companies have quite similar points of view, however with some exception, when it concerns influence of internal and external factors on export performance. On the basis of comparison, most of the presented internal factors have positive influence on export performance.
On the assumption of the comparison of Part AB and Liko AB, in both cases export performance was not influenced by the firm size.

Both Liko AB and Part AB have been established on the market and exported to different countries for a long time. In this case export experience can contribute to positive attitude for further export (Gripsrud, 1990).

Both companies are aware of significance of international business competence for export success, which coincides with the findings of Hallen (1982).

Part AB considers that it is important to have a business network on the foreign market. Still, it is difficult to say something about Liko AB, since information is not available. Other points, regarding Liko AB, which cannot be referred to previous findings, are influence of management attitudes and perceptions and impact of social networks on export performance.

Management characteristics are prerequisites for export success, which was found by Leonidou et al (1998). As well as their attitudes play significant role. Both Part AB and Liko AB have similar opinion.

Business and social networks are important for Part AB to achieve good export performance.

5.2.2 External factors
External factors have had quite similar impact on export performance of the both companies. As it follows from the table, political, socio-cultural and technological environment did not play any significant role on the export performance and cannot be regarded as barriers in this research. Moreover, economic situation in Russia was considered by both Liko AB and Part AB as very positive and contributing to high sales and further export to the Russian market.

However, both companies experienced some external factors as obstacles. Two inhibiting factors were determined for Part AB, namely language, which is also regarded as a barrier by Hultén (2009) and bureaucracy (Altintas et al, 2007). If the last was less burdensome, Part AB would export more to the Russian market.

Liko AB sees language also as a barrier. Even if bureaucracy had little impact on the company’s export performance, it can also be regarded as an obstacle (Altintas et al, 2007). So language and bureaucracy have had negative influence on export performance of both companies.
6 Conclusions and findings

This part of the research will present findings and answers for the research questions. Discussion as well as implication for future research will be presented.

The purpose of the present research was to reveal what factors contribute to successful Swedish company’s export to the Russian market and what factors are obstacles for export. For that reason internal and external factors, influencing export performance, were studied. On the assumption of the analysis of two companies, the following answers to the posed research questions were found.

RQ 1: What factors can contribute to successful export of Swedish companies’ production to Russia?

It was found that factors on internal level, like firm’s export experience, international business competence, business network, managerial characteristics and attitudes as well as social network have distinct connection between successful export and export performance.

Regarding internal factors, other things, that Part AB emphasized, was that business network can affect the company’s own networks and indirectly influence export performance. Such managerial characteristics as openness, ability to understand different cultures and new ideas are prerequisites for successful export. As for external factors both companies perceived present economic situation on the Russian market as very favorable for further export to Russia.

Some interesting similarities were found between the companies, how they arrange their export to Russia. Both Liko AB and Part AB use similar approaches to make export smooth. They are the following:

- Russian customers come to the plant and pick up the ordered goods. This allows avoiding burdensome bureaucratic customs procedures.

- Russian distributor or an agent, who represents the company on the Russian market. To have a representative on a foreign market is important because he can assist with import procedures, so that the exporting company does not need to think about all details.

- One should learn about customer and Russian market before to start export. Every country has own peculiarities, that will affect foreign company’s business activities on that market.

- Available business and social network on the Russian market. To have networks on a foreign market is important because they can provide the exporting company with necessary information in a more effective way and they can lead to other contacts, contributing to positive export performance.

Another interesting thing that Part AB pointed out is that a company, exporting to Russia and which transports its production by own means must have a Russian haulage contractor with a Russian driver. This is to avoid administrative and bureaucratic delays during customs procedures.
RQ 2: What factors can hinder Swedish companies’ export to Russia?

Usually, factors building up a company’s macro environment (politics, economy, culture and technology) are perceived as barriers for doing business on a foreign market, since they include many components that a company cannot control (Jobber, 2007).

Influence of political, economic, social and cultural as well technological environment was studied in the present research. It was found that factors on the external level as a whole do not have certain impact on export performance. However, language as a part of cultural environment, and bureaucracy, being part of a country’s political system were regarded as an obstacle.

It is not reasonable to generalize findings from only two Swedish companies, but taking into consideration the similarities in export activity and factors, influencing export performance, one can suppose that some points of this model can be applied by other Swedish companies, who export or intend to start business activity towards Russia. Both companies see Russian market as an attractive and want to continue export to this country.

6.1 Further research

In the present research only some of the internal and external factors influencing export were studied. Further studies can investigate other numerous aspects existing on organizational and managerial level in a firm. Moreover, political and economic situation can be quite different in Russia in some years, which can lead to other conditions for exporting to the Russian market. On the basis of that, a similar research can be relevant, taking into consideration the present situation on the Russian market in a given year.

Taking into consideration territory size of the Russian Federation it is quite obvious to suppose that conditions for making business for foreign firms can vary in the whole country. It can depend on that administration of the country’s regions can apply own regulations or conditions for import may vary when it concerns import from neighboring countries or import to the central part of the country. It means that further studies about export of Swedish companies’ products to the near-border or central part of the Russian Federation can be relevant.

6.2 Managerial implications

Implications for managers imply suggestions for a company that is exporting or considering starting export to the Russian market. Proposals are based on the comparison of export activity of two Swedish companies and findings in the present research.

- Taking into consideration positive connection between internal factors and export performance, it is recommended that a company shall have international business competence, what peculiarities Russian market has and its customers demand. Understanding different aspects, influencing a company can create more appropriate strategies for making business on the Russian market.
To have managers, who have positive attitudes for export can be one of the key factors for achieving stable and high sales abroad. A company shall make sure that appropriate personnel work with export issues; a manager, working with export shall possess certain personal characteristics, like to be open-minded, flexible and inventive.

To be able to solve possible issues of a foreign company or to establish its products on the market is recommended to have a local agent or distributor, who can be a part of a business network. Advantage of having local representatives is that they provide the foreign company with necessary information faster than other formal sources as well as it is used as an intermediary for selling the company’s production to the Russian market.

A company that transports its production to the Russian customers is recommended to hire a Russian haulage contractor, so that to avoid burdensome customs procedures.

Since language can be an obstacle, a company selling to Russia can benefit from employing personnel, who has command of Russian language.
REFERENCES


Bureau of European and Eurasian Affairs (2012). *Background Note: Russia*. Downloaded from http://www.state.gov/r/pa/ei/bgn/3183.htm# on the 3rd of May 2012.


Mansikkaviita, A., (2012). Utrikeshandel, export och import av varor. Sveriges officiella statistik, statistiska meddelanden. Downloaded from


Interview

Part AB, Kalix the 2nd of May 2012, 10.00-11.00
Liko AB, Luleå the 3rd of May 2012, 14.00-14.30
APPENDIX 1

Interview guide (in English)

1. Background of the company.
   - What is your position in the company?
   - How long have you worked at the company?
   - What is your background?
   - Number of the employees in the company?
   - Branch of the industry, the company operates in.
   - What other countries does your company export the production to?
   - When and why did your company start to export to Russia?
   - Does your company still export to Russia?
   - What factors do you think had the most positive influence on export performance to Russia?
   - What factors do you think had the most negative influence on export performance to Russia?

Internal factors, influencing export.

2. Organizational level of the company.
   - Did you have any difficulties with starting export to Russia taking into consideration size of your company?
   - How long time have you exported to Russia and other countries?
   - How would you describe international competence of your company?
   - Describe the influence of the international competence on the export of your company.
   - How did you prepare for export to the Russian market?
   - Did you have any business relations on the Russian market?
   - Describe the impact of the business network on your export performance.

3. Managerial level of the company.
   - Do you have any managers with international experience, working with export?
   - Have their experience influenced the company’s export performance? If so, how?
   - What managerial characteristics do you think are important for export performance?
   - Describe your managers’ attitude towards export. Have their attitudes influenced the company’s export performance? If so, how?
   - Did you have any benefits from private contacts in Russia?

External factors, influencing export.

4. PEST framework
   - Did you meet any difficulties with starting export to Russia? What were they?
   - How do you experience political situation in Russia?
   - How has political situation in the country influenced the export?
   - How did you experience corruption in Russia?
How did you experience bureaucracy in Russia?
Describe how it influenced your company’s attitude towards export to Russia?
How do you experience economical situation in Russia?
How has economical situation in the country influenced the export?
Do you think that social factors (e.g., age distribution, population’s health, safety consciousness) have influenced export performance? If so, how?
Do you think that cultural differences have had any influence on the export? How?
How do you think access to technology influenced the export?

Finishing questions

Are there any other factors, besides the above mentioned, that can influence the export performance to the Russian market?
Is there anything else you would like to add?
Can I contact you later if I have any additional question or need to clarify something? What is your preferred means of contact (e-mail, phone...)?
APPENDIX 2

Intervjufrågor (på svenska)

1. Företagets bakgrund.
   - Vad är din titel/funktion på företaget?
   - Hur länge har du arbetat på företaget?
   - Vad är din bakgrund?
   - Hur många anställda har företaget?
   - I vilken industribransch är företaget verksamt i?
   - Till vilka andra länder exporterar företaget sin produktion?
   - När och varför startade ert företag exportera till Ryssland?
   - Exporterar ert företag fortfarande till Ryssland?
   - Vilka faktorer anser ni inverkade mest positivt på exporten till Ryssland?
   - Vilka faktorer anser ni inverkade mest negativt på exporten till Ryssland?

2. Interna faktorer som påverkar export.
   - Hade ni några svårigheter med att starta export till Ryssland utifrån företagets storlek?
   - Hur länge har ni exporterat till Ryssland och andra länder?
   - Hur skulle ni beskriva företagets internationella kompetens?
   - Beskriv påverkan av internationell kompetens på företagets export.
   - Hur förberedde ni er inför export till den ryska marknaden?
   - Hade ni affärsrelationer på den ryska marknaden?
   - Beskriv påverkan av affärsnätverk på företagets exportresultat.

3. Ledarnivå.
   - Har ni några manager med internationell erfarenhet, som arbetar med export?
   - Har deras erfarenhet påverkat företagets exportresultat? Om ja, hur då?
   - Vilka karaktärsdrag hos manager anser ni är viktiga för exportresultat?
   - Beskriv företagets managers inställning till export.
   - Har deras inställning påverkat företagets exportresultat? Om ja, hur då?
   - Fick ni någon fördel av privata kontakter i Ryssland?

4. Externa faktorer som påverkar export.
   - Hade ni några svårigheter med att starta export till Ryssland? Vilka var de?
   - Hur upplever ni politisk situation i Ryssland?
   - Hur har den politiska situationen påverkat exporten?
   - Hur upplever ni korruption i Ryssland?
o Hur upplever ni byråkrati i Ryssland?
o Beskriv hur det påverkade företagets inställning till export till Ryssland?
o Hur upplever ni ekonomisk situation i Ryssland?
o Hur har den ekonomiska situationen i landet påverkat exporten?
o Anser ni att sociala faktorer (åldersfördelning, medborgarnas hälsotillstånd, säkerhetstänkande) påverkat exportresultat? Om det är så, hur då?
o Anser ni att kulturella skillnader har haft någon inverkan på exporten? Hur?
o Hur tycker ni tillgång till teknologisk kompetens påverkat exporten?

5. Avslutande frågor

o Finns det andra faktorer förutom de ovan nämnda, som kan påverka exportresultat till den ryska marknaden?
o Är det något mer ni skulle vilja lägga till?
o Får jag kontakta er senare i fall jag får ytterligare frågor eller behöver klara upp någonting?
o Hur skulle ni föredra att bli kontaktad (via telefon, via mail, något annat sätt?)