

# VIEWS ON THE BALTIC BUSINESS CULTURE

The fall of the socialist system in our region has opened for direct business-to-business contacts across the Baltic Sea. But fifty years of different history has created cultural, psychological and legal walls and hindrances that must be demolished. But it takes time to understand each other's business environments and traditions. As the contacts grow and time goes by, we will learn.

The largest problem today is the language problem. Few western businessmen master the languages of the eastern countries, and few eastern businessmen speak other foreign languages than Russian.

During the first steps in the transition period, many western fortune seekers came to the eastern countries to do fast business. It was impossible for eastern businessmen to investigate the background of the westerner, and in too many instances eastern businessmen were deceived and swindled. The consequence today is that many eastern businessmen are very cautious, and it takes some time to overcome the suspiciousness.

Eastern businessmen are also very suspicious against using other means than repeated personal contact to reach agreements. Faxes and telephones are considered as means of communication only. You have to know each other very well in order to reach agreements via telephone calls, which is a common practice in western countries.

Formal business education and long-time business experience is also scarce in the east. This adds to a healthy suspiciousness against the experienced western businessmen.

One specific problem is that even if the eastern business partner might be wealthy in their own countries, their wages in most cases are even lower than that of a simple working man in the west. This means that they cannot travel and have expenses in the same way as their counterparts. As the eastern businessmen are proud, they tend not to confess that even to themselves in many cases.



*It is not always easy to navigate correctly in the Baltic intercultural business environment, but no pain, no gain!*

This causes many problems in the relations to their western partners.

The legal systems are improving. However, the implementations of the laws still lack stability. Laws regarding protection of partners in agreements are very strong in western countries. It is generally very difficult for a partner in an agreement to unilaterally break it. In eastern countries, the protection of agreements in practice is weaker. Even if the law protects agreements, law enforcement is still very weak. This causes a problem of how to look at an agreement. For westerners, conclusion of an agreement often is the result of a process and can be seen as a result. For eastern businessman it often sees an agreement as a beginning of a process only. It is easy to find reasons to break it unilaterally.

When a cooperation has started, the probably greatest problem for western businessmen is how problems are handled. The westerner often find that the first reaction from their counterparts is to defend themselves and possibly find someone to blame the problem on instead of at first hand solve the problem. This is maybe a heritage from former times, when it was dangerous to be

blamed for a problem.

The relation to governments, authorities and institutions differ very much. In the east, they are often regarded almost as enemies or at least treated with very much respect. The best is to interfere with them as little as possible. Formalities play a very important role in the eastern countries compared to western practices.

However, in general the problems are smaller than you could expect. There are always problems when doing business with someone from other cultural environment than your own. It is said, for example, that it is very difficult for a Swedish businessman to do business in neighbouring Finland. And if Scandinavians can do successful business with such different cultures as the Chinese, problems in connection with doing business with neighbours in the Baltic Sea Region should be easy to overcome.

*By Juhan Janusson  
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