

Nils-Gunnar Myhre Refvik

The international risks in business relationships between Norwegian and Russian firms in the maritime industry

Master's thesis in International Business

Supervisor: Julia V. Bondeli

June 2022

Nils-Gunnar Myhre Refvik

The international risks in business relationships between Norwegian and Russian firms in the maritime industry

Master's thesis in International Business
Supervisor: Julia V. Bondeli
June 2022

Norwegian University of Science and Technology
Faculty of Economics and Management
Department of International Business

Acknowledgements

This thesis, written in the spring semester of 2022, marks the completion of my master's degree in International Business and Marketing at the Norwegian University of Science and Technology in Aalesund. I would like to thank everyone who have inspired, helped and motivated me during the process of writing this thesis.

First, I would like to thank my supervisor, Julia V. Bondeli, for her support, guidance, and feedback on my master's thesis. I am sincerely grateful that you have taken the time to help me, and for the great advice and constructive feedback you have given me throughout this process.

I would also like to thank all the case companies and the respondents who have participated in the interviews. I highly appreciate you taking the time to participate and sharing information and experiences relevant to my thesis.

Finally, I would like to thank my friends and family for their great support, belief, and motivation.

Abstract

This study investigates how business relationships between Norwegian and Russian Firms in the maritime industry are affected by international risks, with an emphasis on formal and informal institutions, and past and present sanctions. The institutional conditions in Russia have for many years been unstable, and sanctions are becoming more comprehensive in order to impact the Russian economy. This raises to question of how business relationships between Norwegian and Russian firms are affected by these factors.

To study this phenomenon, a qualitative, multiple case study have been conducted. The data collection process consisted of semi-structured interviews with six respondents from four different case companies in the maritime industry. These interviews revealed important information about the business relationships, and how they are affected by different international risks.

The main findings of this study is that present sanctions, in contrast to past sanctions, have an extremely negative impact on business relationships between Norwegian and Russian firms, forcing the relationship into dissolution. The unstable and strict institutional environment in Russia, together with strong cultural differences, poses a threat towards these business relationships.

Keywords: Business relationships, Russia, institutions, sanctions, interaction, maritime industry

Table of contents

ACKNOWLEDGEMENTS	1
ABSTRACT	2
1 INTRODUCTION	5
1.1 BACKGROUND AND RELEVANCE	5
1.2 PURPOSE OF THE STUDY AND RESEARCH QUESTIONS	6
1.3 METHODOLOGICAL APPROACH	7
1.4 STRUCTURE AND OUTLINE OF THE THESIS	7
2 THEORY AND FRAMEWORK	9
2.1 INTERACTION IN BUSINESS RELATIONSHIPS	9
2.1.1 <i>The Interaction Model</i>	9
2.1.2 <i>The ARA-model</i>	12
2.1.3 <i>A Modern View of Business Interactions and Relationships</i>	14
2.1.4 <i>Business relationship dissolution</i>	16
2.2 THE LINK BETWEEN NETWORK THEORY AND INSTITUTIONS	19
2.3 THE INSTITUTION-BASED VIEW	19
2.3.1 <i>Institutional conditions in Russia</i>	20
2.3.2 <i>Sanctions</i>	22
2.4 ANALYTICAL FRAMEWORK	25
3 CONTEXT	26
3.1 RUSSIA	26
3.2 THE CASE COMPANIES	27
3.2.1 <i>Case Company 1</i>	27
3.2.2 <i>Case Company 2</i>	27
3.2.3 <i>Case Company 3</i>	28
3.2.4 <i>Case Company 4</i>	28
3.3 RUSSIA'S RECENT INVASION OF UKRAINE	29
4 METHODOLOGY	30
4.1 DESIGN, METHOD AND STRATEGY	30
4.1.1 <i>Research design</i>	30
4.1.2 <i>Research method</i>	32
4.1.3 <i>Qualitative research strategy – Case study</i>	33
4.2 DATA COLLECTION	34
4.2.1 <i>Sampling</i>	34
4.2.2 <i>Semi-structured interviews</i>	36
4.2.3 <i>Interview Guide</i>	37
4.2.4 <i>Secondary sources</i>	37
4.2.5 <i>Research ethics</i>	38
4.3 QUALITY OF THE STUDY	38
4.3.1 <i>Construct validity</i>	39
4.3.2 <i>Internal validity</i>	39
4.3.3 <i>External validity</i>	40
4.3.4 <i>Reliability</i>	40
4.4 DATA ANALYSIS	40
4.5 LIMITATIONS	42
5 ANALYSIS	43
5.1 HOW WELL-DEVELOPED ARE BUSINESS RELATIONSHIPS BETWEEN NORWEGIAN AND RUSSIAN FIRMS?	43
5.1.1 <i>Actor bonds</i>	44
5.1.2 <i>Activity Links</i>	47
5.1.3 <i>Resource Ties</i>	49

5.2 HOW DOES FORMAL AND INFORMAL INSTITUTIONS IN RUSSIA AFFECT THESE BUSINESS RELATIONSHIPS?	50
5.2.1 <i>Formal Institutions</i>	51
5.2.2 <i>Informal institutions</i>	54
5.3 WHAT IS THE IMPACT OF PAST AND PRESENT ECONOMIC SANCTIONS ON BUSINESS RELATIONSHIPS BETWEEN NORWEGIAN AND RUSSIAN FIRMS?.....	57
5.3.1 <i>Past sanctions</i>	58
5.3.2 <i>Present sanctions</i>	60
5.3.3 <i>Business relationship dissolution</i>	63
6 DISCUSSION.....	65
6.1 RESEARCH QUESTION 1	66
6.2 RESEARCH QUESTION 2	69
6.3 RESEARCH QUESTION 3	72
6.4 THE MAIN RESEARCH QUESTION	75
7 CONCLUSIONS AND IMPLICATIONS.....	77
7.1 CONCLUSION TO THE RESEARCH PROBLEM.....	78
7.2 ACADEMIC CONTRIBUTIONS AND THEORETICAL IMPLICATIONS.....	79
7.3 PRACTICAL IMPLICATIONS	80
7.4 RECOMMENDATIONS FOR FURTHER RESEARCH	81
REFERENCES.....	83
APPENDIX	87

1 Introduction

The purpose of this study is to investigate how business relationships between Norwegian and Russian firms in the maritime industry are affected by international risks. Business relationships spanning beyond national borders can be affected by many risks. However, for this study, not all possible risk factors will be analyzed, but the focus is rather on studying the institutional conditions in Russia, especially sanctions, and how these affect the business relationships between Norwegian and Russian firms. The formal institutions in Russia have in recent years been deemed as absent, which have forced managers to rely more on informal institutions (Bondeli et al., 2021). With new sanctions being targeted towards Russia, the business environment changes, and it becomes interesting to investigate the impact these sanctions and the institutional conditions have on business relationships between Norwegian and Russian firms.

This chapter will present an introduction to the topic that is being studied, where the background and relevance of the research is explained, as well as a deeper view of the purpose of the study and the research questions. In addition to this, the chapter will include a brief overview of the methodology and the structure of the remaining chapters.

1.1 Background and relevance

It has been argued in recent years by researchers that business relationships built on long term interactions should be interpreted as an ongoing exchange process. In relationships in the western world, this is often the case. However, researchers have questioned whether this is the case in eastern countries. With the previous plan economy when Russia was under the Soviet, eastern managers did not find any incentives from the economy that cooperation would be necessary, and that it would rather be just a burden. Eastern managers would focus only on internal matters, whereas in Western countries a business relationship would be viewed as an opportunity. Researchers have suggested that Russian firms might have a lack of knowledge with regard to conducting business in a market economy and interacting with foreign firms in well-developed business relationships (Johanson et al., 2008). However, times have changed also in Russia.

Business relationships have become an important tool for survival, where they enable firms to develop bonds with other actors, combine resources, and coordinate their activities (Bondeli et al., 2021). But even though relationships between Western and Eastern countries have become popular in recent years, there are certain challenges creating it difficult, especially in Russia. The institutional environment in Russia is still affected by the country's time under the Soviet and is still considered as highly unstable and uncertain due to radical political changes (Laine & Galkina, 2016). Also, the absence of the formal institutions in Russia have led managers to focus more on informal institutions, where networks and relationships on the personal level are often more used than relationships on the organizational level (Bondeli et al., 2021).

Russia's business environment has been characterized as challenging and hard to interpret and understand. This have made it hard for foreign firms to operate in the Russian business environment (Fey & Shekshnia, 2008). Risks concerning extension of sanctions, credit risks and reputational risks have forced many business owners to reevaluate their business operations in Russia (Åslund & Snegovaya, 2021).

On the 24th of February, Russia started a military invasion of Ukraine led by Russian president Vladimir Putin. The invasion has been brutal, and it is being argued that the government of Russia have not overcome their "Stalinist roots" (Hanappi, 2022). The sanctions are creating a comprehensively difficult situation for Russia, which probably could lead to an economic stagnation and a possible collapse (Deuber et al., 2022). Due to the invasion, sanctions are creating it even more difficult for foreign businesses to maintain healthy business relationships with Russian firms, and when the opportunity to study the impact of sanctions were presented, in addition to studying the unstable institutional environment in Russia and its impact on business relationships between Norwegian and Russian firms, it seemed like a highly relevant topic.

1.2 Purpose of the study and research questions

The purpose of this study is to gain a deeper insight into the international risk factors affecting business relationships between Norwegian and Russian firms. The focus is placed on firms in the maritime industry, where the risk factors focused on are sanctions and institutional

conditions in Russia. The Russian invasion of Ukraine presented a new set of sanctions, which is now a relatively new phenomenon that have not yet received many empirical studies.

Based on the purpose of this master thesis, the following research question have been developed in order to study the chosen phenomenon:

“How are business relationships between Norwegian and Russian firms in the maritime industry affected by international risks?”

In order to structure and answer the main research question with relation to the chosen risk factors, three more detailed sub-questions have been developed:

- 1. How well-developed are business relationships between Norwegian and Russian firms?*
- 2. How does formal and informal institutions affect these business relationships?*
- 3. What is the impact of past and present economic sanctions on business relationships between Norwegian and Russian firms?*

1.3 Methodological approach

As the focus of this study is to gain a deeper understanding of the business relationships between Norwegian and Russian business partners and the risks affecting these relationships from the participants point of view, a qualitative research method has been adopted. A multiple case study is selected, where six semi-structured interviews were conducted to study the business relationships of four different case companies. This also allowed the researcher to interpret the differences and similarities between the objects, where a large degree of compelling evidence can be obtained (Yin, 2015).

1.4 Structure and outline of the thesis

In order to answer the research questions and to present a clear and thorough overview of the study, the thesis is divided into 7 chapters. The remaining chapters are briefly described in this sub-chapter to show the structure of the thesis.

Chapter 2 presents the theoretical background used to study the selected topic. The chapter first presents theoretical concepts relevant to interaction in business relationships, namely the Interaction Model and the ARA-model. Then, the institution-based view is included, in addition to theory on sanctions. The chapter ends with a presentation of the analytical framework that have been developed.

Chapter 3 provides a presentation and description of the context researched in this study, which presents relevant information on Russia and their actions, as well as a presentation of the selected case companies.

Chapter 4 describes the methodological approach that have been used in this study. This includes a presentation of the research design, methods, and strategies that have been used. As well as a showing the data collection process, quality of the study, data analysis process, and lastly the limitations related to the study.

Chapter 5 presents the results and analysis of the findings from the interviews, structured according to the research questions, theory, and the interview guide.

Chapter 6 includes the discussion of the findings from the data analysis, where the findings are connected to the theoretical concepts presented in chapter 2. Answers to the research questions are given here, and a revised analytical framework is presented.

Chapter 7 first provides a conclusion of the results from the study, as well as discussing academic contributions, theoretical implications, practical implications, and recommendations for further research.

2 Theory and Framework

In order to answer the main research question of this research, it is important to include and elaborate on relevant theoretical ideas. Therefore, this chapter will include literature that explain the theoretical background of the thesis. This theory will create a better understanding for what is to be researched, and it will lay a thorough foundation of the problem that is being addressed. First, the focus is on the network approach and the IMP perspective. The interaction model and the activity-resource-actor (ARA) model will be frequently used. However, studies on business-to-business (B2B) relationships and business networks have evolved extremely fast since the IMP group was developed in the 1970s (Ivanova-Gongne et al., 2018). Therefore, it is necessary to include literature showing the development in research on these topics.

2.1 Interaction in Business Relationships

Interactions in business happens every day in the economic world, where countless amounts of products and services are traded and used. These interactions occur as an outcome of different industrial marketing and purchasing activities (Håkansson & Waluszewski, 2013). The IMP perspective represents a great amount of varied interactions that can occur. For example, interactions can consist of only a small group of people in a small supplier-user interface. These interactions are seen as less complex, where issues are simple to resolve. In other words, these interactions are standardized and routinised. On the other hand, there can also exist highly complex interactions, where managers and specialist are involved on both sides on the interactions and intense problem-solving is needed. Interactions like those mentioned above, includes the creation, utilization and adaption of objects and ideas, which is reflected in industrial marketing and purchasing (Håkansson & Waluszewski, 2013). In the following sections, different models and approaches within the IMP perspective will be discussed.

2.1.1 The Interaction Model

The interaction model, an approach to industrial markets described by Håkansson (1982), is highly relevant when discussing network theory. The model focuses on four different elements; the interaction process, the participants in the interaction process, the environment

where the interaction happens, and lastly, the atmosphere affecting and affected by the interaction. In shorter terms, the model illustrates the marketing and purchasing of goods as an interaction process happening in a certain environment (Håkansson, 1982).

The interaction process takes place in different individual episodes, which later can be developed into a long-term relationship. These episodes consist of the exchange between two parties, where the exchange is in the form of products or services, information exchange, financial exchange, and social exchange (Håkansson, 1982).

In an exchange episode, products or services are often the most central part of the trade. Because of this, the characteristics that describe the product or service is often likely to have significant implications on the relationship as a whole. In information exchange, there are many interesting aspects. For instance, the type of information being exchanged, the width and depth this information, and the formality of the information. These factors affect the nature of the interaction process and the relationship between the companies (Håkansson, 1982). Money is another important aspect, which concerns the financial exchange. The quantity of money included, and the uncertainties connected to currencies can have big effects on the importance and stability of the relationship. Lastly, social exchange is an important aspect as it helps reduce the uncertainty between the two trading firms. If the two parties involved in the interaction have social distance between them, different social exchange episodes may reduce short term difficulties which can allow them to maintain a strong relationship in periods between transactions. Social exchange episodes like for example trust building, is important in order to create strong and long-lasting relationships (Håkansson, 1982).

In such interaction processes, it is also necessary to analyze the characteristics of the participants. First, technology is an important element, that is, the production and application technology that the involved parties hold. The interaction process is often shaped by this technology, as it can decide the level of interplay between the parties' technological systems. If the level of expertise is close, and technology from one is easy to adapt by the other, the relationships might be built on more mutual trust, and vice versa. The organizational size, structure, and strategy can also have implications for the interaction process. This element explains the position which the involved parties interact in. Being a large firm with greater resources and such, might have a more solid foundation for dominating the other parties

involved. The structures of the parties, like for example their specialization or formalization, also shape the interaction. It can affect procedures, communication and finance involved. Lastly, the organizational experience and the different individuals involved are important aspects of the participants involved. An organization will gain different type of experience through past relationships, which will have certain effects on how they will adapt and act in future relationships. When talking about the individuals in the interaction, it is important to mention that these individuals' experiences, personalities, and actions will affect the choices that the firms take in the business relationship (Håkansson, 1982).

As mentioned, the interaction can take place in certain environments. The interaction environment shows the process in a wider context, and considers aspects such as market structure, dynamism, internationalization, position in manufacturing channel, and the social system. When the interaction leads to a relationship between the parties, the relationship is seen as one of many similar relationships within the same market, and in this market, the rate of buyer and seller concentration are central terms, i.e., the market structure. The concentration develops an image of the possible alternatives that are available to the different firms, which have great significance on the pressure to interact with a certain actor in the market. The second term, dynamism, also implications for the relationship. When there exists a close relationship, the knowledge of one participant is affected by the actions of the other, which further leads to the ability of possibly creating forecasts based on the information. Third, internationalization is an important term to mention. This refers to the internationalization of the buying or selling market, which can have implications for the participants motivation to create international relationships. Companies might need overseas units, more knowledge, new languages etc. The social system aspect of the environment, which describes the wider environment surrounding of a relationship, is relevant when discussing the obstacles that arise from different attitudes and perceptions when creating an exchange process with another party. An example of this is regulations and constraints on business that may exist in different countries; one needs to learn the "rules of the game" in order to be accepted in an industry (Håkansson, 1982). This is further discussed later in the institution-based view.

Lastly, there is the atmosphere of the interaction. "This atmosphere can be described in terms of the power-dependence relationship which exists between the companies, the state of conflict or co-operation and overall closeness or distance of the relationship as well as by the

companies' mutual expectations" (Håkansson, 1982, p. 21). The relationships are affected in two different dimensions; the economic dimension and the control dimension. The economic dimension considers the benefits of having a close relationship, or of distancing oneself from it. On the other hand, the control dimension indicates which of the participants have the possibility to control the behavior of the other (Håkansson, 1982).

Relationships are created due to the benefits it possibly can bring to different firms. This can for example be economically motivated in the form of lower costs or higher profits. Or, it can be established so that a firm might gain more control. A firm needs to balance their interdependence with others (Håkansson, 1982). In other words, the parties need to create modifications to the exchange and to themselves, in order to adapt (Welch & Wilkinson, 2004).

The interaction model is suitable for this study as it will help understand the interaction between the Norwegian and Russian business partners. It will contribute to the understanding of how these relationships are built up, and how the different participants act in such business relationships. This will further lay a foundation for the analysis of the international risks in these relationships and how these affect the interaction, as the interaction model have contributed in creating a deeper understanding of particularly the interaction, the participants, and the environment.

2.1.2 The ARA-model

The seminal work of Håkansson and Snehota (1995) will also be frequently used. This work was the first to use the network approach towards analyzing business relationships in a global context. Their study is based on different international case studies, where a network approach is developed giving rise to theoretical and practical managerial insights different ways of conceptualizing companies within markets (Håkansson & Snehota, 1995). The network approach can help us understand a richer picture of the constraints and possibilities the company is facing in dealing with its suppliers, customers, and other important parts, as well as the approach is very interesting and useful where there are increasing trade between countries and where international companies evolve by acquisitions and building up new units in different countries (Håkansson & Snehota, 1995).

Håkansson & Snehota (1995, p. 26), describes a relationship as “the result of an interaction process where connections have been developed between two parties that produce a mutual orientation and commitment”. The researchers suggest that one needs to analyze the elements that are connected in a relationship and the implications that these connections create. Based on this, the researchers describe a business relationship in two dimensions, substance and function (Håkansson & Snehota, 1995).

Within the dimension of substance of a business relationship, Håkansson and Snehota (1995) present three different layers – activity links, resource ties, and actor bonds (ARA). First, a relationship is considered to link activities together. Internal activities from the two parties involved are connected, which builds up the relationship and have implications for the outcome of the relationship. These activities can be of different origin such as for example technical administrative and commercial. A relationship develops, and the activities that one firm does, can become connected to the other firm (Håkansson & Snehota, 1995).

Second, throughout the development of the relationship, the resources that are needed of the two participants might get connected. Different resource elements from one party are made accessible to the other, and a resource tie is created between the two. These resources can for example be technological or material, or intangibles such as knowledge (Håkansson & Snehota, 1995).

Third, bonds between the parties are established as a result of the developed relationship. These are defined as actor bonds which affect how the actors perceive, evaluate, and treat each other. Actor bonds are established through interaction, and it reflects the interaction process described earlier. (Håkansson & Snehota, 1995).

These three layers can be seen as effect parameters, which when they are connected, describe a relationship. Different relationships will vary based on the effect of the three layers. For example, major relationships which are complex and built up of many different factors, tend to have complex substance with great effects in the three layers (Håkansson & Snehota, 1995). A prerequisite for a successful long-lasting relationship is that the actor bonds created consist of “trust, mutual understanding, learning and a cooperative atmosphere” (Abrahamsen & Håkansson, 2016, p. 199). In order to develop the interaction and the relationship, the involved parties need a mutual understanding of the resource utilization and a plan of which

activities that needs to be carried out across relationships. In other words, limited interaction leads firms in the direction of developing resources and carrying out activities themselves, while on the other hand, with increased interaction, the coordination within these areas are at the network level and well developed (Abrahamsen & Håkansson, 2016).

Similar to the interaction model, the ARA-model is also highly relevant to this study, as it contributes to the understanding of how well-developed relationships are between Norwegian and Russian business partners. Developing an understating of the actor bonds, activity links and resource ties between the participants, it is possible to interpret the foundations of the relationships, how strong these relationships are, and further how it is affected by other factors.

2.1.3 A Modern View of Business Interactions and Relationships

The traditional models and theories of business marketing mentioned in the previous sections were developed decades ago. A new economic order has risen, and these models and theories have been extended and adapted to fit the business networks of modern time, where networks of connected business actors have a critical and pivotal role (Halinen & Törnroos, 2005). The recent rapid globalization has led more Western businesses to position themselves in new markets, and therefore, Western countries are more than ever seeking to develop new business relationships internationally, including Central Eastern European countries such as Russia (Ivanova-Gongne et al., 2018).

The most pivotal area of a firm's internationalization and market development activities are, according to the Industrial Marketing and Purchasing Group, relationships and networks that occur beyond national borders. The focus of research on this area have been somewhat restricted to market-based inter-firm relationships, such as the interaction model and the ARA-model. As a result of this, political actors and institutions have been largely exogenous, where "business behavior is explained only by reference to business actors" (Welch & Wilkinson, 2004, p. 217). However, increasing understanding concerning political actors' roles in such relationships, has led to it becoming a critical factor in a firm's foreign market activities. Later research has put more emphasis on the concept of embeddedness and different forms of this concept, such as temporal, spatial, social, political and technological,

where the agenda is focused towards business networks consisting of numerous diversified relationships. (Welch & Wilkinson, 2004).

Different business relationships are usually shaped by the type of interaction that occur. Industrial marketing and purchasing interactions can for example take place over the internet, where the parties involved are less affected. On the other hand, some interactions occur in environments where business must take place according to certain national, transnational and public purchasing rules and regulations (Håkansson & Waluszewski, 2013). In other words, there exist a wide variety of different interaction patterns which can affect business relationships. Cantillon & Håkansson (2009, p. 54) presents six types of interactions: pure exchange, light cooperation, buying and selling, producing and using, close cooperation and networking.

These different types of interactions and interaction patterns vary highly between different industries. Some industries are characterized by heavy and complex interactions, while others are calmer and more restricted. The emergence of the different marketing and purchasing interactions can be explained by three main factors; previous history of interaction patterns, the ambitions of the parties involved and lastly, the technological, social and political context (Håkansson & Waluszewski, 2013).

The first factor, previous history of interaction patterns, is central in the way that such patterns develop over time, and they are characterized by slow and incremental changes. Both single and combinations of interactions and relationships are developed through years of work. These different types of interactions connected together within one specific field, leads the involved parties to establish new, but also adapt different internal resources that makes them integrated with the features of other involved parties. In other words, to survive, the involved parties need to make investments into relations with counterparts, by adapting their resources (Håkansson & Waluszewski, 2013). This supports the concept of resource ties and combining resources as previously described in the ARA-model.

The next factor, the involved parties' ambitions related to interactions, are highly descriptive of how the interaction pattern and relationship develops. Larger actors may have greater ambitions and more thorough strategies within this field, and therefore would want to invest more into the development of marketing and purchasing interaction. For example, they might

have the ambition to create long-lasting relationships that they can benefit from in the future. This would demand them to use more intense interaction and be highly strategic conscious. A shift from for example a “pure exchange” interaction to a “networking” interaction, is a huge investment which requires a great amount of ambition. Therefore, it can be said that interaction patterns are influenced by the strategies and ambitions of an involved actor. This is contrasted to the traditional paradigm in marketing, as researchers are now moving from focusing on how to structure the firm in relation to goals and internal resources, to focusing on how to structure the firm in relation to certain counterparts to develop relationships and networks (Håkansson & Waluszewski, 2013).

The technological, social, and political contexts are seen as the most fundamental influencing factors, as they have significant implications on the parties involved can relate to each other, and how beneficial this might be (Håkansson & Waluszewski, 2013). As mentioned, the term “embeddedness” has become crucial in later years when discussing business relationships and network. Previously, numerous different forms of this concept were mentioned, but technological, social, and political embeddedness might be the most central to discuss in relation to interactions.

First of all, technological factors have great implications for how the interaction develops over time. To be able to create successful interactions across national borders that can develop into long-lasting relationships and networks, public investments in technological aspects such as infrastructure and communication are pivotal. This shows the importance of the political context together with the technological context. The actions of a political legal system of a country have implications on how well developed the technological solutions are. A prerequisite for developing relationships internationally is the support from their countries legal systems. The social aspect of such contexts is also important, as it create benefits or consequences on the emergence and content of the interaction (Håkansson & Waluszewski, 2013).

2.1.4 Business relationship dissolution

Due to the increasing tension between Russia and the West, and the recent invasion of Ukraine, it becomes increasingly hard to maintain professional business relationships, and activities in Russia. Many business relationships between Russian and foreign firms therefore

end up being terminated, as foreign firms escape from the Russian market (see appendix 1) (Deuber et al., 2022). Therefore, it is important to gain an understanding of what this means, and to include theory about this issue in order to analyze whether this is relevant for the selected case companies, and which consequences it has.

There can be many different reasons and factors that can lead to the dissolution of a business relationship between firms, and these factors can often be very complex. The firms might at some point find that their satisfaction with the partner is reduced or that the purpose of the relationship is achieved when the synergy effects of the relationships is decreasing, which can make the partners interpret the relationship as unnecessary and therefore chose to end it. On the other hand, there can be external factors which is out of the participants control, which may force the relationship to end (Tidström & Åhman, 2006).

In order to understand the ending or dissolution process of a business relationship, Tähtinen's (2002) framework of the relationship ending process will be used. This framework is divided into six different stages describing the ending process of a business relationship. These stages are performed on four different levels, by different actors. These are individual, company, dyad, and network level (Tähtinen, 2002).

The first stage in the framework is the consideration stage. This concerns the question of whether to carry on with the relationship or to end it. This stage marks the start of the ending process, as it occurs first after an event have made it relevant to have such an evaluation, for example if one of the participants are unsatisfied with the relationship, or that an external factor, such as war, which is highly relevant in this case, have made it hard to continue the cooperation. This stage is often carried out internally, on the company level, but also in bigger networks (Tähtinen, 2002).

If the consideration stages end with the conclusion that the firms want to carry on with the relationship, but there are factors that have impacted it negatively due to the fact that it had to be considered in the first place, the restoration stage is needed. Therefore, the restoration stage can be described as the process of saving the relationship, in order to continue cooperation in the future. Even if the restoration stage is performed, and multiple participants in the relationship carry out such activities, it might still have the possibility to end (Tähtinen, 2002).

Another stage in the ending process of business relationships, as described by Tähtinen (2002), is the disengagement stage. This stage involves actor bonds, resource ties and activity links, and describes the process of these three factors starting to weaken between the participants in the relationship, and in the end, fall apart. When firms enter this stage, it might be a result of a conflict between the two companies, for example on a company level, or on an individual level between representatives from the different firms. There can of course be other reasons as well, which are mentioned above. Actor bonds can break due to reduced trust and commitment, and activity links and resource ties can break due to for example annulled legal contracts (Tähtinen, 2002).

During the dissolution process, but also after the process has ended, the sensemaking and aftermath stage takes place. This stage is related to all the actions taken in order to understand and make sense of what has happened with the relationship, how the actors have acted. It requires the participants to think about their own behavior, but also others. Here one discusses what could have been done otherwise. After the dissolution process, this stage is defined as the aftermath stage, rather than the sensemaking stage (Tähtinen, 2002).

A fifth stage in the dissolution process can be described as the enabling stage, which focuses on how an actor leaving a relationship can lower the exit barriers, by making other measures. The idea is that an actor can leave a relationship without any huge losses, because they have enabled themselves to do so through for example new relationships or newly secured network positions (Tähtinen, 2002).

One specific stage that is continuous throughout the whole dissolution process, is the communication stage. This stage involves all the communication between the companies concerning whether to end or continue the relationship (Tähtinen, 2002). Communication is crucial in any type of business relationships and communicating whether one wants to exit and terminate such a relationship, or to restore it, is highly important.

As mentioned, external factors can lead to business relationship dissolution. Tähtinen's (2002) framework of the relationship ending process is highly relevant for this study as it can be used to assess whether the business relationships between Norwegian and Russian firms have ended, and it can help us understand if the risks affecting these relationships are leading to

dissolution. It is also helpful in understanding which stage of the dissolution process the actors currently find themselves in.

2.2 The Link Between Network Theory and Institutions

Owen-Smith & Powell (2008) argue that networks and institutions are highly connected to each other. The two theoretical perspectives in many ways mutually shape one another. The researchers suggest that networks and institutions set certain conditions of possibilities for each other, and further state that the relationship between networks and institutions “rest on a key duality between relationships (the building blocks of networks) and categories (the building blocks of institutions)” (Owen-Smith & Powell, 2008, p. 616). Evolution and change is then made possible through organizational and individual agents breathing life into the duality described. The link between these two theories is especially important in cases where institutions are conflicting and where networks exist between highly diversified people or audiences (Owen-Smith & Powell, 2008).

2.3 The Institution-Based View

Davis and North (1971), define institutions as a combination of political, social, and legal rules that creates the foundation for production, exchange, and distribution. Similarly, North (1991) define institutions as a set of “humanly devised constraints that structure political, economic and social interaction” (p. 97). The institution-based view suggests that foreign entrants need to develop a strong knowledge concerning the “rules of the game”, both informal and formal in the host countries. “More recently, as researchers increasingly probe into emerging economies whose institutions differ significantly from those in developed economies, there is increasing appreciation that formal and informal institutions, commonly known as the “rules of the game”, significantly shape the strategy and performance of firms, both domestic and foreign, in emerging economies” (Peng et al., 2008, p. 921).

The institutional frameworks interact with firms in the way that they create a basis for which actions are legal, acceptable, or supportable. Through this, firms reduce their uncertainty about what is legal and illegal. Formal institutions, or constraints, are defined as the political rules and judicial decision which are made by the government, while informal is defined as the norms of behavior that lay within cultures and ideologies (Peng, 2002). Formal and

informal institutions can be divided into three different groups. First, the regulative, which include formal rules, laws, regulations, and enforcement mechanisms. Second, the cognitive, where we find accepted beliefs and values. Third and last is the normative, which focus on “the legitimate means to pursue valued ends” (Puffer & McCarthy, 2007, p. 2). The institution-based view can help internationalizing emerging economies companies to strengthen competitiveness and knowledge about the rules of the game abroad. This view will also play a central role in the thesis when understanding the economic sanctions that have been placed on Russia from the U.S. government and the European Union.

2.3.1 Institutional conditions in Russia

Russian business has long been characterized by a lack of formal institutions, which have led to a high level of dependence on culture and ethics, that is, informal institutions. Business actors have been affected by instability, a corrupt law enforcement and judicial system and a low level of protection towards property rights. All this have evolved into a volatile environment, where Russian managers have, in order to carry out business activities, relied heavily on informal cultural-cognitive institutions like personal networks (Puffer & McCarthy, 2011). In addition to this, great levels of bureaucracy, never-ending changes on legal and tax regulations and possibilities of external finance, have created many obstacles for business in Russia (Laine & Galkina, 2016).

Even though there have been many attempted changes to the economy and institutional environment, Russia is heavily affected and influenced by the history of the country. The changes have not exerted a large amount of growth to the economy, and many businesses are still struggling to adapt, especially SMEs. The institutional environment is recognized as highly unstable and turbulent, not only after the collapse of the Soviet Union, but also in recent years during the presidency of Vladimir Putin. The changes towards market-oriented economy, with radical political changes, lead many companies in the direction of reevaluating the business activities, identify new customers and suppliers, as well as developing and obtaining new competencies within business. This uncertainty regarding the institutional environment affects businesses opportunities to seek international cooperation (Laine & Galkina, 2016).

The lack of formal institutions has also led to the society being governed by power networks. These networks consist of wealthy Russian individuals who are only concerned with their own economic interests and therefore devise political “rules of the game”. This allows the power networks to obtain great power over the economy and the markets, and at the same time put small and weak outsiders out of business and make sure they cannot access important resources (Bondeli et al., 2021).

After the breakup of the Soviet Union in 1991, Russia started a privatization process throughout the 1990s in an attempt to develop a modern formal institution by legitimating private property. This process was assumed to generate support from market-oriented institutions like for example capital markets, regulations on business, and efficient law enforcement mechanisms. However, the process took an abrupt turn, where powerful business owners with great resources obtained control over most businesses and went on to execute criminal acts in order to gain personal benefits (Puffer & McCarthy, 2011).

The actions and takeovers of these resourceful managers, business owners and oligarchs, led to a destruction of Russia’s formal institutional economic infrastructure, where a large number of the privatized firms and organizations were weakened and faced with bankruptcy. Other problems of these actions were the lack of governing on regulations related to business activities, lower government financing, and no guaranteed employment benefit. The weakening of the formal institutions led to corruption and bribery within the government and inefficient legal systems and law enforcement (Puffer & McCarthy, 2011).

Today, more than 30 years after the breakup of the Soviet Union, the formal institutions of Russia are still inadequate even though they might have gained more respect from managers and the international business community. The country still encounters issues such as a lack of trust. Building trust is a costly process that takes both time and great effort. Operating and creating business relationships under these conditions, where the environment is described as chaotic and uncertain and unethical events such as corruption and bribery occur, can be highly challenging (Puffer & McCarthy, 2011).

2.3.2 Sanctions

In order to understand the influence of economic sanctions and how it influences the international market and building international business relationships, it is necessary to bring in some up-to-date information considering the political situation in Russia, and the different sanctions which are applicable today. Sanctions are defined as restrictive measures in international politics which apply to either individual persons, units, groups or states in order to change their politics or behavior (Doornich & Raspotnik, 2020). “Sanctions can be targeted in two ways: they may target specific goods or services that are crucial to the economy of the target country and/or are considered to be contributing to the conflict. Or they may target specific individuals or legal entities of the target country that are considered to be heavily implicated in the conflict” (Humphreys & Paeglkalna, 2022, p. 5).

For this research, the focus will mainly lay on sanctions issued by the U.S., but some EU sanctions will also be mentioned and analyzed. Governments use these economic sanctions, like trade barriers, tariffs, or restrictions on financial transaction, to negatively impact the economy of another country. Previous studies have provided research as to which effect sanctions have on a country’s economy, and the changes it implies (Doornich & Raspotnik, 2020).

These economic sanctions can be described as a changing institutional condition which leads to great uncertainty and might be harmful towards businesses wanting to trade with and within Russia. Changes like these with increased institutional uncertainty happen from time to time, which makes it hard for firms to interpret what is going to happen in the future with respect to regulative, normative, and cultural-cognitive institutions (Laine & Galkina, 2016). For many years now the institutional environment in Russia have been characterized by great uncertainty, where the collapse of the Soviet Union and the presidency of Vladimir Putin have created turbulence and instability. The socio-historical background of Russia has resulted in numerous negative attitudes such as decreased trust in outsiders, suspicions about new things, and increased distrust in institutions (Laine & Galkina, 2016).

Up until now, the economic sanctions placed on Russia are mainly motivated by the country’s annexation of the Crimea region of Ukraine and the increasing tension between Russia and the West. Due to Russia’s extensive collection of nuclear weapons, the Western countries

have not considered military action as a response to Russia's actions, and therefore the use of sanctions were anticipated as an efficient solution (Rutland, 2014). The majority of these sanctions are imposed by the United States. However, they coordinate their sanctions with the European Union, which have also motivated other countries such as Australia, Canada, Japan, Norway, and Switzerland to impose sanctions on Russia (Nelson, 2015). From a Russian perspective this can heavily harm the economy, as sanctions imposed by numerous participating countries tend to be more effective (Åslund & Snegovaya, 2021).

The sanctions imposed on Russia include different bans and restrictions on the government, firms, and individuals. First of all, there are sanctions which relate to freezing the assets of specific individuals. This mostly concerns individuals that are close to President Putin, mainly businesspersons. This also put restrictions on individuals and firms from the sanctioning countries, as they are not allowed to conduct economic transactions with Russian individuals. Secondly, some sanctions focus on freezing entire Russian firms' assets, which prohibits the targeted firms from performing economic transactions with other countries. Another group of sanctions lay restrictions on transactions with Russian firms in key sectors. This includes some of Russia's most important sectors like finance, energy, and defense. There are also sanctions which place restrictions on certain types of export activities. For example, U.S. firms and individuals are not able to export technology or services that can boost Russia's oil production or improve their military items (Nelson, 2015).

In other words, sanctions do not only affect Russian business, but it also affects firms from other countries. Since the U.S. and the EU have imposed numerous sanctions that have reduced Russia's access to Western financial markets, firms from sanctioning countries have not been able to invest much in Russia. An example is the international oil and gas company Exxon. The firm had a great cooperation with the Russian oil company Rosneft, with huge investments planned, which had to be cancelled due to the sanctions regarding export activities. Episodes like this one also affected foreign businesses outside the oil industry, as there was a lot of uncertainty related to the Western sanctions about investments in Russia. Risks concerning extension of sanctions, credit risks and reputational risks have forced many business owners to reevaluate their business operations in Russia (Åslund & Snegovaya, 2021).

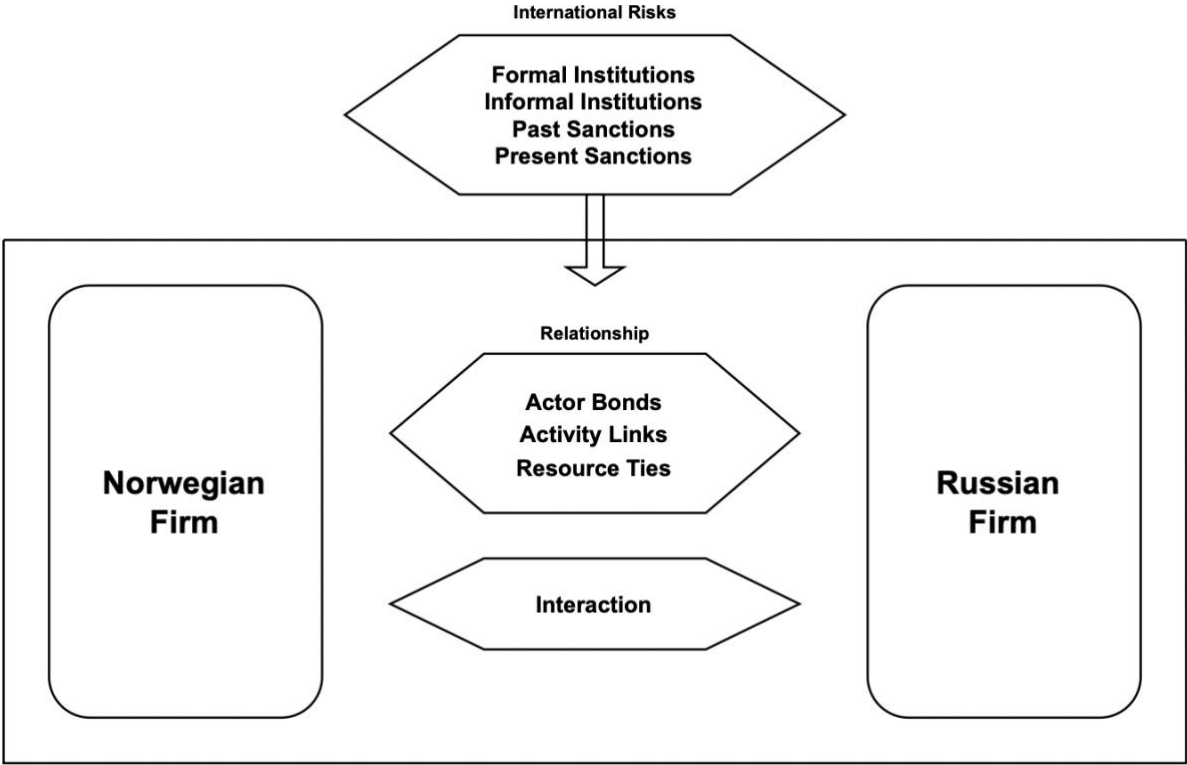
With reduced trade and lower industrial activity, the demand of goods and services from Europe and the U.S. decline, and heavily invested firms from these countries might lose market positions and income (Christie, 2016). This raises many questions concerning the business relationships between Russian and European firms.

Even though economic sanctions were placed on Russia due to their military operations in Russia, they were never expected to have an effect that would completely reverse Russia's actions. The aim of imposing the sanctions is rather to solve the conflict diplomatically, where the sanctions would increase Russia's costs and motivate the country to stop their illegal military actions. The idea is that we should lay a solid foundation that can lead to a peaceful settlement between the countries (Christie, 2016). There is a consensus among researchers that the imposed sanctions are not powerful enough to completely force the Kremlin to fully reverse their actions towards Ukraine, but researchers understand that the imposed sanctions have had a successful effect on trying to impact the Russian economy negatively. The Russian economy have barely grown since the imposed sanctions in 2014, and foreign direct investments and foreign credits have decreased dramatically, including depreciation of the ruble (Christie, 2016; Nelson, 2015; Åslund & Snegovaya, 2021).

Today, the situation between Russia and Ukraine have escalated. On the 24th of February, Russia started what is described as a full-scale invasion of Ukraine, the largest military attack in Europe since World War II. This has forced the European Union and the United States to impose more powerful and more damaging sanctions on Russia, in order to cripple its economy (Deuber et al., 2022).

The institution-based view is relevant for this study as it will contribute to the understanding of which formal and informal institutions exist in Russia, as well as an understanding of how, and to what extent these factors are affecting business relationships between Norwegian and Russian firm. Developing an understanding of "the rules of the game" and the sanctions that exists, will make it possible to assess the impacts it have on business relationships, based on the answers found in the interviews and the analysis.

2.4 Analytical Framework



The figure above shows the analytical framework which includes the elements and concepts that will be used in the analysis of the collected data. The framework follows the structure of the interview guide and will serve as an analytical tool. The framework first includes the factors from the ARA-model which will be used in order to assess how well developed the business relationships between Norwegian and Russian firms are. Further, the framework includes the international risks which are identified as affecting factors on these business relationships. This will be used in order to assess how these factors affect the business relationships and to what extent, and also to interpret the differences in the impact of previous and present sanctions.

3 Context

3.1 Russia

It has been decades ago since the Soviet Union dissolved in 1991, and Russia have in some ways changed. However, there are also many similarities as to how it acted during the Soviet period. The union consisted of 15 different countries, where today some of them still have close cooperation with Russia, while some have focused on partnering up with the European Union and NATO. Russia often find themselves bothered that the previous members of the union proceed with these plans, and find it hard to anticipate who they can consider as allies, and who they should consider as enemies (Medinskaya et al., 2021).

Russia is one of the largest countries in the world. They possess great natural resources and have had a fast-growing GDP. This would suggest that there should be many opportunities for doing business in or with Russia, but that is not necessarily the case. Russia's business environment has in most years been characterized as challenging and hard to interpret and understand. This have made it hard for foreign firms to operate in the Russian business environment, and many now see it as more of a risk than an opportunity (Fey & Shekshnia, 2008).

Through recent years it has been argued by researchers that a business relationship that is built on long term interactions should be interpreted as an ongoing exchange process. This is often the case in relationships between firms in the western world, but researchers have previously questioned whether these relationships are equally prevalent in eastern countries. During the Soviet times and plan economies, eastern managers often found that the economy would not provide any reason for firms to collaborate, and therefore such relationships were deemed as an unnecessary burden. Western countries would appreciate building relationships and characterize them as an opportunity, while eastern managers would focus on internal matters. Researchers have concluded that Russian firms might have a lack of knowledge with regard to conducting business in a market economy and interacting with foreign firms in well-developed business relationships (Johanson et al., 2008). However, times have changed also in Russia. Business relationship have today become an important tool for survival, especially for small and medium-sized enterprises. The absence of formal institutions have in recent years led firms in the Russian industrial market to place reliance on informal institutions,

especially networks and relationships on the personal level, rather than organizational (Bondeli et al., 2021).

3.2 The Case Companies

This chapter presents the different case companies that have been chosen, what they do and their relation to Russia. All the chosen firms operate within the maritime industry in Norway. They are also operating on an international basis, with customers and business connections in many different countries. The information obtained in this section is retrieved from preliminary talks with people from the firms and from their websites. In order to keep these respondents anonymous, the sources cannot be revealed.

3.2.1 Case Company 1

The first case company is a Norwegian ship-design- and consulting firm. They design different multi-combination vessels that have the ability to carry out highly complex operations. The firm also carry out engineering work in conjunction with remodeling of ships and consultancy for shipowners and shipyards. One of their main objectives is to work towards reaching the goal of zero emissions from the maritime industry, where they focus on utilizing new technologies such as battery-hybrid systems. The firm have had some business in Russia, where they have designed a series of trawlers being built in Russian shipyards and they have long strived to become local suppliers for the Russian industry.

This case company currently have an office in Russia and have for many years now seeked to operate at a higher level there. The problem is that they find it difficult to do business in Russia, as they have identified numerous challenges connected to business and trade in Russia. One of the main issues that apply to this firm, is the sanctions placed on Russia by the U.S. government, and money laundering cases that have made banks vulnerable to interact and take part in cases that might be of conflict, but that not necessarily are of conflict.

3.2.2 Case Company 2

The second case company is a Norwegian supplier and competence partner within design, analyses, equipment, solutions, and services for the maritime industry. The firm's business

areas are mainly aquaculture equipment, fishing gear, rope production, safety equipment and offshore equipment, with particularly much expertise in the first two. The firm has over 60 years of experience and operate on both a national and international level. They work closely with customers and subcontractors in aquaculture and fisheries in 18 different locations in Norway, Iceland, Scotland, the US, South Korea, and Russia. One important priority is that they always seek to develop new competencies and become more innovative together with their partners, both nationally and internationally. The firm currently have a sales office in Russia and have over the years had exports directly from Norway to Russia, in addition to sales from abroad (India and South Korea) to Russia.

3.2.3 Case Company 3

The third case company is a Norwegian ship management company. The firm offers a broad range of services like for example HSEQ management (health, safety, environment, and quality), purchase, insurance, and accounting. Today, the firm have management of more than 20 ships from a broad range of different flag states. The firm have for a long time been operating in Russia with Russian business partners, with ships traveling to and from Russian harbors, as well as the firm having their own manning agency in the country. Sanctions are heavily affecting this company and creating enormous challenges, both with regards to ships operating in Russian waters, and with regards to well-developed business relationships. This is forcing them to rethink their operations and activities in the country and to come up with new solutions and ideas to tackle these obstacles.

3.2.4 Case Company 4

The fourth case company is an equipment and solution designer and supplier to primarily the fishing- and aquaculture industry. The firm offers production facilities and factories for processing seafood such as whitefish and shellfish, both on board vessels and on land, in addition to different aquaculture solutions. In recent years, this case company have, among other things, supplied factory equipment to the Russian fishing fleet, which have developed into business relationships.

3.3 Russia's recent invasion of Ukraine

On the 24th of February, Russia started a military invasion of Ukraine led by Russian president Vladimir Putin. The invasion has led to thousands of people being killed, both soldiers and civilians, as well as putting an end to the belief that the government of Russia have overcome their "Stalinist roots" (Hanappi, 2022).

Russia have long been worried that Ukraine is becoming a more stronger country and a bigger potential threat. Ukraine invested heavily in more military equipment in 2021, and Russia are worried that Ukraine is increasing their armed capabilities relative to them. Another factor that bothers the Russian government is Ukraine's desire to partner up with other, stronger institutions, such as NATO (Astrov et al., 2022).

The recent invasion has led to a wide range of new and more damaging sanctions against Russia from Western countries and institutions. Some of the biggest impacts this will have on the Russian economy, is, first of all, that sales concerning equipment that is considered crucial to Russia's oil industry, will be blocked. Secondly, the sanctions will be used as a tool to block access of numerous Russian banks to the global financial markets. Another important aim of these sanctions is to impose travel bans and asset freezing on several Russian individuals, which means that these individuals will not be able to enter sanctioning countries, or to access funds in foreign banks (Humphreys & Paeglkalna, 2022)

Both Russian public and private funds have been frozen across the world, and company withdrawals and supply stops in the country have been extremely broad and extensive. Some of the world's biggest companies are set for partial closures in Russia, while some have decided total closure and withdrawal, due to the actions of Russia and the increasing challenging business environment related to sanctions (see appendix 1). The sanctions are creating a comprehensively difficult situation for Russia, which probably will lead to an economic stagnation and a possible collapse (Deuber et al., 2022). This could have negative impacts on business relationships between Russian and foreign firms.

4 Methodology

In order to conduct a successful, reliable and valid research, it is important to select the correct methodological approaches. This includes the choices of which research methods, research designs and data collection processes that are going to be used in the study. It is also important to question the reliability and validity of the data that is being collected, through assessing the quality of the study.

4.1 Design, method and strategy

4.1.1 Research design

The research design can be described as a framework that will help conduct the research in an efficient way (Palic et al., 2016). It is defined as the “glue” between the different parts of the research projects, which creates structure and suggest an overall plan of the study. In other words, it is a plan describing which methods are to be used, as well as the procedures for collecting and interpreting information. The thorough research design creates a good flow between the different research procedures and allows for a collection of the needed information efficiently (Akhtar, 2016). A research design links the empirical data to the research questions that have been developed, and along the research it considers four problems: which questions are being studied, what kind of data is relevant, what kind of data is it necessary to collect, and how should the results be analyzed. The importance of this is that the evidence found is in accordance with what is being researched (Yin, 2015).

A research design can vary highly between different studies, as there are different criterias and measures deciding what best suits the research. The most common and mainly used types of designs are exploratory, descriptive, and causal/explanatory. The choice between these needs to be taken based on what the purpose of the study is, and therefore there needs to be a defined problem statement and different concepts to build the decision on (Akhtar, 2016). Exploratory research design have the intention to find new ideas or to get new insights into a problem. This method is mostly used when there are small amounts of previous knowledge on the research problem (Palic et al., 2016; Akhtar, 2016).

Previously, there have been many contributions to research on the effect of sanctions and institutional conditions in Russia on businesses in general, but there is a lack of research on the effects these sanctions and conditions have on business relationships, and specifically business relationships between Norwegian and Russian firms. Therefore, the suitable research design for this study is considered to be exploratory, where the aim is to identify how these sanctions and institutional conditions specifically affect the business relationships.

When deciding on the research design, it is also important to consider which approach is more applicable in terms of the availability of applied theory. There are two main approaches concerning this issue which will help create a foundation for a successful research: inductive and deductive. The deductive approach is mostly used when existing available theories need to be tested and verified, which is most common in quantitative research methods. On the other hand, the inductive approach focuses on collecting and analyzing available empirical theory (Palic et al., 2016). The inductive approach is helpful when wanting to gain better understanding of a problem and its influencing factor, as well as it can generate contributions to developing new theories (Palic et al., 2016). Since there is a lack of literature on how business relationships are specifically affected by sanctions and institutional conditions in Russia, and the goal of the thesis is to do research on this area, the inductive approach seems more relevant. The inductive approach is more relevant in qualitative research methods, which supports the choice of using it for this study (Palic et al., 2016).

Even though the inductive approach seems highly relevant, the approach applicable for this study is not purely inductive, as during the research process it will be necessary to move back and forth between theory and data in what is classified as an abductive approach. When using such a combination between different approaches, the design can be classified as systematic combining, as suggested by Dubois & Gadde (2002; 2014). This approach can be defined as a process where one moves back and forth between empirical observations and theory, where the theoretical frameworks, empirical fieldwork and case analysis evolve together. Using such an approach allows for a thorough interpretation of different important aspects that are related to each other, like what is happening in reality, available theory, the evolution of the case and lastly the analytical framework. During the process, one is able to develop the case based on empirical fieldwork and interpretations, which further gives implications for data searches and leads to the possibility of customizing the theoretical frameworks. The approach allows for a constant confrontation of theory with regards to the empirical world, which is highly

relevant in most research processes (Dubois & Gadde, 2002;2014). For this study, it is highly relevant as it can help evolve the case over time and create more thorough and precise conclusions of the research problem.

It was also in the preliminary study on business relationships, interaction and institutional conditions identified numerous journal articles and books, which helped outline the research statement and research questions that arise from the identified topic, and to build up a relevant theoretical framework.

4.1.2 Research method

Research is divided into two main categories which describes the processes that should be conducted during research. Which one to choose depends on what is being researched. The two categories are qualitative and quantitative research. A quantitative research method mostly involves numeric data collection, where the researcher uses mathematical models such as data analyses to confirm or validate relationships and to create generalizations that often have contributions to theory (Williams, 2007). On the other hand, qualitative research methods focus on meanings expressed in words, rather than the numerical type of data used in quantitative research. Qualitative methods allow for a broad range of research. Yin (2011) explains five important features of this method, including the studying of an individual's life in real-world conditions, a participant's perspective or viewpoint on different topics, the study of different contextual conditions, contribution to understanding and explaining human social behavior, and lastly, the possibility of using multiple sources of evidence rather than one (Yin, 2011). This is a useful research method that can help us understand something (concepts, thoughts, experiences). In qualitative research, the approach is more focused on the participants points of views, rather than the researchers, and the focus is to gain a contextual understanding of a phenomenon, rather than generalizing it (Palic et al., 2016).

Since the focus of this study is to get a deeper understanding of business relationships between Norwegian and Russian business partners from the participants point of view, a qualitative research method is more appropriate. This allows us to generate new insights into this specific phenomenon, and to gain more in-depth information about the problems of doing business in Russia. Another benefit of choosing this method is that it supports the choice of an inductive and abductive approach, and it allows the researcher the opportunity to develop a

level of detail since one can be highly involved in the processes that are conducted (Williams, 2007).

4.1.3 Qualitative research strategy – Case study

One of the most common qualitative research strategies, and one that is highly suggested to adapt in such researches, is the case study research strategy. “It is an empirical inquiry that investigates a contemporary phenomenon within its real-life context using multiple sources of evidence” (Noor, 2008, p. 1602). Yin (2015) suggests that case studies are used in situations where the main research questions are built up as “how” and “why” questions. He also suggests this method when one has a lower degree of control over factors such as behavioral events, and when one wants to study a contemporary phenomenon rather than something historical. In other words, a case study is focused around the real-world contexts of a phenomenon (Yin, 2015). This method is highly helpful in situations where one seeks to gain a deeper understanding of a problem or a situation (Noor, 2008). Another benefit of the case study strategy is that it can contribute to expand existing theories, by using available theoretical knowledge in combination with new empirical insights, which is often necessary when interpreting topics that lack previous research attention. Eisenhardt (1989) states that a case study is appropriate when little information exists about the current perspectives and if the research is contradicting with current or previous research (Vissak, 2010).

As the research questions of this study concerns areas like “what are the risks...”, “what is the impact...” and “how does it affect...”, where we want to get a deeper understanding of business relationships as the unit of analysis, a case study is highly suitable (Yin, 2015). Also, as mentioned previously, there is not a great amount of literature on how sanctions and institutional conditions in Russia affects business relationships, which supports the choice of a case study strategy.

Since the research of this study consist of analyzing business relationships of multiple Norwegian firms, the study cannot be classified as a single case study, but rather as a multiple case study. Conducting a multiple case study allows us to also interpret and analyze the differences and similarities between the objects that are being researched, it creates possibilities for interpreting the data not only within each single situation but also across the different situations, which further can bring important contributions to the literature. This

strategy will also contribute to creating a more reliable and wide study, as the research is more thoroughly grounded in multiple empirical evidence (Yin, 2015). The unit of analysis in this research is the business relationships between the Norwegian and Russian firms, where the case companies serve as main parameters of investigation.

Yin (2015) further suggest that a multiple case study can provide the study with a larger degree of compelling evidence, which further can contribute to a more robust and trustworthy study. He further suggests that if it is possible, and that one have the resources required, one should choose multiple case designs. The reason for this is that it can give analytic benefits since you have more resources and cases to lean your study on. This will in turn also provide the study with a more powerful analytic conclusion. On the other hand, multiple case studies are often more time consuming than single case studies, and it requires the researcher to retrieve multiple comprehensive resources (Yin, 2015).

4.2 Data collection

In order to get an in-depth insight and a deeper understanding of the issues described in the research question, the data needs to be successfully collected through an effective and appropriate collection method. As described in previous sections, the chosen design of the study is exploratory, inductive and abductive, the method chosen is qualitative, and finally, the research strategy chosen is case study. Based on these choices, interviews are considered to be the best way of collecting information.

4.2.1 Sampling

Sampling involves the process of which people to observe or interview, and the settings, events, and social processes (Miles et al., 2014). Miles et al. (2014) further suggests that a qualitative study usually is more purposive than random, where the first choice of participants evolves into other similar and different participants. A multiple-case sampling with a snowball sampling strategy is used in this study. Snowball sampling is conducted by first identifying one respondent, which further can recommend another potential participant. If the recommended participant agrees to be included, this participant can in turn suggest other potential participants, and so on (Parker et al., 2019). Multiple-cases adds confidence, and it is possible to understand one key relationship in a specific setting which provides factors that

can be studied in the other relationships. Cases can be compared, and one can identify similarities and differences (Miles et al., 2014). This is also defined as “conceptually driven sequential sampling” (Miles et al., 2014, p. 23). The purpose for selecting the specific units of analysis is to select those who obtains the most relevant data and can contribute to the study (Yin, 2011).

A total of six interviews were conducted. Five of these were with Norwegian respondents, while one was with a Russian respondent. The respondents selected are individuals in the case companies that have highly important roles and responsibility in the companies’ communication with Russian business partners and their activities in the Russian market. In other words, the respondents selected are the individuals from each case company who is most connected and have the most knowledge about their Russian business partners and the communication between them.

The first respondent, who operates in the maritime industry, collected from the researcher’s personal network, led to two more respondents in the maritime industry, one Norwegian and one Russian. Two other respondents were collected through the personal network of the researcher, were one of these interviews lead to an addition respondent in the same case company. These respondents also operate within the maritime industry.

Four different case companies were involved in the study, referred to as “case company 1”, 2, 3 and 4. The Norwegian respondents are given the codes N1, N2, N3, N4 and N5, whereas the Russian respondent is referred to as “R1”.

The following table presents the respondents and their respective case companies, as well as an overview of the interviews conducted and the characteristics of these interviews.

Case Company	Respondent	Country	Type of interview	Date of interview	Duration
1	N1	Norway	Face-to-face	11 th of April	35 minutes
2	N2	Norway	Face-to-face	29 th of April	40 minutes
3	N3	Norway	Face-to-face	6 th of May	30 minutes
4	N4	Norway	Video: Microsoft Teams	12 th of May	35 minutes
2	N5	Norway	Face-to-face	13 th of May	30 minutes
1	R1	Russia	Audio: WhatsApp	22 nd of April	30 minutes

4.2.2 Semi-structured interviews

When using qualitative interviews as a method for gathering the needed information, it is important to assess which type of questions to ask. Qualitative interviews can be divided into three different groups suggested by Eriksson & Kovalainen (2011): structured and standardized, guided and semi-structured, and lastly, unstructured, informal and open.

The interviews conducted during this study will mainly be semi-structured with open-ended questions. These types of interviews are efficient when collecting information considered as “facts”, like for example what happened, when did it happen, who was involved etc. (Eriksson & Kovalainen, 2011). The semi-structured interviews can be considered as a somewhat mix of the structured and unstructured interviews. The approach to conducting such an interview is to have a plan prepared, where the topics, issues and questions are listed, but one can vary the wording and order of the questions. Therefore, one can say that the materials are systematic, but the tone of the interview is informal, which may contribute to the participants speaking more freely (Eriksson & Kovalainen, 2011). These types of interviews suit a qualitative study, as they allow for an understanding of the participants perspective on a topic, explained in their own words and on their terms through life experiences and processes (Yin, 2011).

4.2.3 Interview Guide

An interview guide is defined as an overview of the different topics and questions are intended to be used in an interview. It also includes certain information that is necessary in order to follow up responses and to gain more detailed answers from the participants (Saunders et al., 2009). By developing an interview guide, it is possible to create some level of structure to the discussion, and it can be helpful when we want to obtain similar information from different participants (Kallio et al., 2016).

The interview guide is built up according to the theoretical concepts described in chapter 2, and the one used to interview the Norwegian case companies is shown in appendix 2.

4.2.4 Secondary sources

In order to create a more thorough and comprehensive understanding of the phenomenon that is being researched, it is central to not only use the primary information that is obtained through the interviews, but to also include secondary data to support and extend the research. Primary data is defined as information that is obtained straight from the original source, which will be collected through interviews with the case companies (Rabianski, 2003). Secondary data on the other hand, is defined by Rabianski (2003) as “information that is not directly compiled by the analyst; may include published or unpublished work based on research that relies on primary sources of any material other than primary sources used to prepare a written work” (p. 43). In other words, the data from these sources are already collected for other purposes (Rabianski, 2003). Using data from multiple sources in a single study is often necessary in qualitative research methods, and it is defined as triangulation. This allows for an interpretation of multiple perspectives related to the research problems, which increases the credibility and have a positive impact on the validation of the data (Carter et al., 2014).

In addition to the semi-structured interviews, secondary data will be obtained through different relevant sources in order to support the primary information. The case company’s websites will be highly relevant when understanding their business areas and operations, in addition to different internal documentation and reports that describe their situation. For the study to have a thorough basis to be researched on, it is also necessary to gather information from country reports and articles on Russia, in order to assess the previous and current

situation. These were retrieved through searches on the two databases Google Scholar and Oria.

4.2.5 Research ethics

When conducting any type of research, it is highly necessary to operate in consent with ethics and having a strong ethical standard. This can be obtained through research integrity, which is described by Yin (2011) as creating a research where one can trust the data that is being presented, and that the research methods and actions used show trustworthiness. Another important aspect connected to ethics is the protection of human subjects, where assuring that the participants identities are anonymous is an important guideline. This is usually obtained through an approval from an institutional review board, which means that one applies for approval of how one will handle personal information of participants (Yin, 2011).

Prior to any kind of data collection from the interviews in this study, an application was sent to The Norwegian Centre for Research Data (NSD), describing the research project, the interview guide, and an overview of which information would be gathered and how it would be processed throughout the project time and at the end of the project. Before the interviews in the research were conducted, all the four case companies were presented with an information form describing the purpose of the study, the data processing and storage, and their rights regarding participation. The form also included a statement of consent for participation and audio recordings of the interviews. This was signed by both the researcher and the participant. The audio recordings were deleted once they had been properly analyzed, processed, and transcribed. The transcripts are deleted once the project has ended and the grade is received. In order to obtain the participants anonymity, no personal information or firm names are mentioned.

4.3 Quality of the study

In every research that is being conducted, it is necessary to establish and assess the quality of the study. Over the years, four specific tests have become important, and are now widely used in establishing quality in different empirical researches. These tests are construct validity, internal validity, external validity, and reliability (Yin, 2015).

4.3.1 Construct validity

In order to secure construct validity, the researcher needs to identify the appropriate operational measures suitable for what is being studied. In other words, it is necessary to describe the events that constitutes what is being studied, so that the reader understands that the findings genuinely reflect the events being studied, and that what is being studied is not based only on a researcher's impressions (Yin, 2015). In order to secure construct validity for this study, the context is described in its own chapter, identifying the factors that could have impact on business relationships between Norwegian and Russian firms.

4.3.2 Internal validity

Internal validity is important to identify as it has great implications for the quality of the study. The aim of internal validity is to answer questions such as: Does the findings identified in the study make sense? Are the findings credible to the readers and the individuals being studied? (Miles et al., 2014). Internal validity can be determined based on the control the researcher have over unknown or unwanted variables that can have impacts on the results and the conclusions made, in other words one can say that the more controlled and understood such variables are, the more internal validity is secured (Yin, 2015).

In order to secure internal validity and to obtain trustworthy data, the individuals chosen to participate in interviews from the case companies were managers and people with great knowledge about the company's activities in Russia. These participants have many years of experience within this market and possess great responsibility in this area. The case companies are all from the maritime industry but differ widely in their activities and business areas. This allows for different perspectives on the same case, where multiple sources are obtained, and the phenomena can be researched and interpreted through different thoughts. This helps in creating reliable and valid data. Yin (2015) suggest that also triangulation can help strengthen the validity of a study, by seeking to obtain at least three different kinds of sources like for example direct observation, verbal reports and documents. By using previous theories, as well as country reports, firm documents and websites together with interviews and comparing these with the findings, triangulation helps secure validity for this study.

4.3.3 External validity

External validity is another factor important to securing good quality of the study. This refers to whether the findings of the study are generalizable, if they are transferable to other contexts (Yin, 2015; Miles et al., 2014). Yin (2015) suggests that research questions consisting of “how” and “why” questions are helpful in securing external validity, as it makes the findings more generalizable. Another important factor to create external validity is to have a theoretically diverse sampling and that the findings are congruent with prior theory (Miles et al., 2014). In order to establish a degree of external validity, the research questions are focused around “how” and “why” questions. Also, as mentioned above, the participants in the interviews have different backgrounds, leading different business operations within different business areas, which allows for a broader perspective. In addition to this, the theories previously identified are carefully selected in order to be in congruence with the findings from the data collection process.

4.3.4 Reliability

Reliability refers to whether it's possible for other researchers to repeat this case study with the same data collection methods and procedures used here, and to end up with the same results. The process of securing reliability includes minimizing errors in a study, and one way of doing this is to document the procedures followed throughout the study (Yin, 2015). In order to secure reliability for this study, an interview guide was developed and followed throughout the interviews. After the interviews, the audio recordings were transcribed and documented in order to get an overview of the data. The data collection processes were therefore fully documented, and other researcher using the same methods can possibly reach the same results.

4.4 Data analysis

After the data is successfully collected through interviews with the respondents, there is a need of analyzing the data in order to simplify and structure it. This will allow for an easier interpretation of the data, as well as getting a better overview and understanding which makes it possible to draw verified conclusions (Yin, 2011). All the interviews conducted throughout this study were audio recorded in order to make the process more efficient so that it was not necessary to take comprehensive notes during the interviews. After the interviews, the process

of transcribing the data started. The first interview with the Norwegian respondent was translated to English at the same time as it was transcribed. This turned out to be a highly time-consuming process, which led to the decision of rather translating the needed data from later interviews when it was analyzed. In the transcripts, the different respondents were given their own ID code which secured their anonymity, and at the same time made it easier to get an overview of the different respondent's thoughts and answers.

After all the transcripts are developed from the audio recordings of the different interviews, the data analyzing process starts. In order to systematically and successfully analyze the data, the three-stage process described by Miles et al. (2014) is applied. These stages are: 1) data condensation, 2) data display, and 3) conclusion drawing/verification.

The process of data condensation is applied in order to transform the data from the interview transcripts to a more simple format. During this process, the researcher decides which data is relevant for the study and which to include or to pull out, and which data to code if applicable. Data condensation means that one can, among other things, sharpen, sort, and organize the data. The process can be done in different ways, such as writing summaries, memos, coding, and categories (Miles et al., 2014). In order to have a successfully data condensation process for this study, the collected data is summarized into shorter sentences and words and placed into different categories and topics based on the interview guide. The data is then summarized in a table together with an overview of which respondent said what. After this, the data is given different codes in order to categorize it even further and to place it into different chunks, which makes it possible to distinguish the differences and to compare the similarities.

The second stage of the data analysis is the displaying of the data. Miles et al. (2014) describes this as “an organized, compressed assembly of information that allows conclusion drawing and action” (p. 8). Only having the field notes in the form of a long text will suggest a poor structure, and by displaying the data it is easier to understand whether it is necessary to analyze the data further, or to take actions based on the findings. Miles et al. (2014) suggests two major formats of displays, namely matrices and networks. Matrices are displayed as lists with defined rows and columns, where all the information is gathered and arranged in one place, which makes it easier to later analyze and draw verified conclusions (Miles et al., 2014). Due to the data condensation process described previously, the choice of data displays ended on matrices for this study. Here, the table from the data condensation process is adapted

to also serve as a data display, where all the required information is gathered in one place, and a detailed analysis is possible. Throughout the semester additional interviews were completed in order to gain a more thorough basis for analysis. These were added to the data condensation process along the way and displayed together with the previously collected data.

The last stage of the data analysis is to draw and verify conclusions. This is an ongoing process from start to finish in analyzing the data, but also in the collection of the data. (Miles et al., 2014). After the first interview was completed, it was possible in later interviews to draw comparisons between the activities of the participants, and to make “premature” and vague conclusions. Throughout the activities connected to the analysis, these conclusions are either confirmed or denied, as well as supplemented with new and analyzed information, which makes the conclusions more solid and verified, as well as creating the opportunity to in the end draw the final conclusions.

4.5 Limitations

During the data collection process there were some challenges which can have an impact on the study and create limitations. First of all, and maybe most importantly, is the lack of respondent from the Russian side of the business relationships. The reason for this is that the current situation is creating challenges in reaching these respondents, as communication with these firms have been heavily reduced. Therefore, only one Russian respondent is included in this study, which might lead to a narrow perspective of how Russians view the challenges in these business relationships. The Russian respondent included is not a customer, so the information from this interview is still only from the supplier side. This interview was also conducted through a call on WhatsApp, which creates difficulties in being able to interpret the body language of the participant when asked certain questions, as well as some technology problems with connection and sound. However, the data was successfully collected which made it possible to compare it to other respondents’ answers.

Another limitation is that all the selected case companies operate in the maritime industry. The study might therefore not represent all the challenges and problems that Norwegian firms from other industries stumble upon when cooperation with Russian firms. The inclusion of other industries might give insights into other relevant challenges which could reveal different results and insights.

It is also worth mentioning that most of this research was planned before the Russian invasion of Ukraine, and the sudden sanctions and uncertainty created some challenges with having to customize the research and to some extent improvise.

5 Analysis

This chapter presents an in-dept analysis of all the data obtained from the semi-structured interviews. In order to answer the main research question, the sub-questions will be analyzed and answered first, which as stated previously are: 1) *“How well-developed are business relationships between Norwegian and Russian firms?”* 2) *“How does formal and informal institutions affect these business relationships?”* and 3) *“What is the impact of past and present economic sanctions on business relationships between Norwegian and Russian firms?”*. In order to answer these questions, the analysis is divided into different chapters presenting the findings from the different topics. Analyzing these findings will make it possible to answer the main research question in the discussion in chapter 6, which as previously stated is: *“How are business relationships between Norwegian and Russian firms in the maritime industry affected by international risks?”*.

5.1 How well-developed are business relationships between Norwegian and Russian firms?

In order to understand the risks that affect business relationships between Norwegian and Russian firms it is important to first understand how these business relationships work, how the firms cooperate, communicate and operate. Therefore, the aim of this sub-chapter is to answer the first research question: *“How well-developed are business relationships between Norwegian and Russian firms”*. This will lay a foundation for the analysis of the remaining research questions.

The ARA-model developed by Håkansson and Snehota (1995) will be used in order to understand and analyze the findings which describe the business relationships. To do this, the

findings are divided into the three main categories of the ARA-model, which as described previously are: actor bonds, activity link, and resource ties. The analysis somewhat follows the structure of the interview guide and allows for an understanding of how the relationships are built up, and how well-developed they have become.

5.1.1 Actor bonds

The findings suggest that most of the business relationships between Norwegian and Russian firms are built based on an incoming request that develops into something more, or that firms interact with agents in the opposite country that later evolves into new actor bonds. For instance, in case company 1, respondent N1 said that many projects were started due to an incoming request from an agent, based on the information that the agent had about the firm. N1 also stated that on a fishing fair, they were contacted by a Russian shipyard which turned into a relationship and many projects. The firms wrote a letter of intent where they identified different projects to develop together. This interaction evolved into a partnership where the firm first developed three new projects that were delivered to Russian customers of the shipyard, and actor bonds have been created both with shipyards and shipowners. This is in correspondence with the findings in case company 4, where N4 stated that new contacts and projects are developed through being active on international fairs. N4 also stated that they interact through an agent, and that they sometimes get incoming requests from firms with Russian connections, which can create new actor bonds. In case companies 2 and 3, respondents N3 and N5 also pointed out that having an agent that understands the environment in Russia will make it easier to interact and develop new actor bonds. For respondent N3 this has developed into new business relationships with shipowners. Also, in case company 2, respondent N2 often gets incoming requests based on the positive information that people have spread about the company or about the products which have developed into relationships with shipowners of different sizes. It is found that only case companies 2 and 4 are highly active in looking into different markets and seeking new opportunities, in addition to incoming requests and agents.

The findings show that the firms have had business relationships with Russian business partners for many years. In case company 1, N1 explained that the first relationship was developed around the years 2012-2013, which later led to more activity and the development of their own office in the country. In case company 2, N2 said that many of their activities and

relationships with Russians started seven or eight years ago and have until now evolved from being a small activity to becoming an essential part of their business. N4, in case company 4, stated that when he was hired, the first thing he did was taking over a project that was developed in cooperation with a Russian partner, and that their firm didn't have much business relationships in Russia before this. But similar to the other case companies, more cooperation, more interaction and new relationship have evolved in recent years.

In terms of making adaptations towards business partners, the evidence shows that not many adaptations are necessary to their personal way of behaving, only with regards to some minor cultural differences which will be addressed later in the informal institutions section. For instance, most of the respondents mention that they often use agents in much of their interactions, which might make it less necessary to make any substantial adaptations. However, in case company 1, respondent N1 stated that *“Considering we have started from the bottom in Russia, we have tried to drag them into our mindset and our ways of operating. It has not been necessary to particularly adapt in order to create an effective interaction, as they are introduced to our ways of working here in Norway. We try to make them copy our ways of working”*. This suggests that the Russian firm needs to adapt more, which seems logical considering how much more modern and efficient the Norwegian maritime and fishing industry is, compared to the Russian. Apart from this, the findings show that the case companies are more concerned with adapting their products to Russian standards, rather than personal adaptations, because of rules, regulations, and documentation requirements.

The findings show that the case companies are not highly dependent of their business relationships with Russian business partners, but that it rather is an opportunity to get access to an additional market with new opportunities, which further can create additional earnings. In case companies 1 and 2, respondents N1 and N2 stated that they are not dependent on it, but that creating business relationships in Russia have been somewhat of a sidestep, where the opportunity has presented itself and the potential to grow in Russia has been identified. N1 added that the Norwegian market is first priority, but that when an opportunity to build business relationships was presented, they seized it.

In contrast, in case company 3, respondent N3 stated that they to some extents are dependent, due to the fact that a large scale of their earnings is coming from the Russian market. However, they see no problem in surviving without these relationships either, as there are

possibilities to use other markets. This is similar to the findings in case company 4, where N4 stated that *“We have gained some good contacts in the Russian market, and it is a huge market with great opportunities to gain bigger market shares. However, we are not that dependent that it will have fatal consequences for the firm if the relationships end, but it is a great place to gain extra income”*.

Trust is also an important aspect to consider in actor bonds. The results show that the respondents don't have any big issues with trusting their business partners. There is consensus among all the respondents that trust have been built up over time in their business relationships, and that Norwegians and Russians are very similar. First, in case company 1, N1 explained that they have a Russian CEO in Russia working for a firm that they own, and that they also have three to four other individuals hired in Russia working in different settings. With these employees, the respondent has never had any issues related to trust, and they find these individuals helpful and trustworthy when needed. N1 also added that *“Once you come to an agreement and start cooperating, Russians are very loyal and conscientious”*.

In case company 3, N3 emphasized that if the person first has trust and faith in you, there is no problem in trusting them back in future settings, *“a word is a word”*. He also added that once you first have met someone who is willing and positive to cooperate, and that operate on the same wavelength as you, it is easier to trust them. Similarly, in case company 4, N4 mentioned that the Russians he has worked with are pretty similar to Norwegians, and that they are very simple and good people to cooperate with. In case company 2, N5 have a similar view saying that it has never been a big issue and that there are no major differences between Norwegians and Russians.

Similarly, respondent N2 also said that they do not find it harder to trust Russians as much as Norwegians and that a normal Russian man is not very different from Norwegians, which have led to stable and non-complicated relationships. However, N2 added that *“Russians often have a somewhat different way of doing business than what we are used to in Norway, which suggests that it can be smart to be a little more attentive in such relationships”*.

Although N5 said there is no problem in trusting them, they had a similar response to N2 where they stated that you might want to run some additional surveys, preferably have a reference on the people you are cooperating with. N5 also added that *“It often takes time to*

develop these relationships, and one should be extra attentive especially with new actor. When the relationship has lasted for a certain amount of time, I find it easier to trust”.

In case company 1, respondent R1 indicated that it is often easier to trust people from smaller countries and communities. Russia is a large country, and R1 emphasized that he places a lot more trust in business partners from smaller areas than business partners from for example Moscow, because people from smaller areas often prefer to have a higher reputation. R1 added that *“Norway is a small country with many small communities, which makes it easier to trust them”*.

The ambitions between the business partners have also been identified as an affecting factor between the actors. Norwegian respondents emphasizes that their ambitions with having business relationships with Russian business partners is the possibility to gain greater market shares in an additional market, as well as increased earnings. In case company 2, respondent N2 added that it is of course an exciting opportunity, but that at last it is just a “secondary effect” where the main focus is to gain market shares. This is similar to the findings in case company 4, where N4 stated that delivering good products and solutions leads to a greater ambition of gaining market shares and becoming a great supplier within the maritime industry in Russia. Similarly, in case company 1, R1 emphasized that the key purpose and ambition of the relations is to create greater profits for each side, both for Norway and for Russia.

5.1.2 Activity Links

Most of the findings shows that previously, the firms have had daily contact with their business partners. In case company 1, N1 emphasizes that the daily contact is mostly on the engineer level, where engineers discuss and agree on details in terms of ship design. This is usually done on a daily basis, whereas leaders on the other hand might be in contact once every week or once every other week. In case company 2, N2 mentions that they used to interact daily with Russian business partners, but due to the current situation it has been reduced to a much lower level. N4 in case company 4 mentioned that the interactions will vary between the different projects, but that in most project they will interact on a daily basis and at the least they will do it every week.

In case company 1, respondent N1 said that most of the interaction they have with Russian business partners is done through Microsoft Teams, which they have found to work very well, but often with the help of an interpreter as there are some language barriers. N1 also added that *“It is easy to misunderstand each other in interaction as the Norwegian and English language is completely different from the Russian language, especially subject terminology, where the hardest thing for example is to understand a technical specification as these are often challenging to translate and are described in such different ways”*. Similarly, in case company 2, N5 pointed out that Russians often prefer not having to translate documents such as company certificates, which makes it hard to identify the needed information.

In case company 2, N2 pointed out that interacting through phone and face-to-face is a challenging process due to language barriers, and similar to N1 they often use an interpreter in these situations. However, N2 emphasized that e-mail is being used completely without problems, which corresponds to the answers of N3 and N4 in case companies 3 and 4. N4 and R1(case company 1) also mentions that WhatsApp frequently used, and N4 adds that the communications tools they use with Russian business partners often are the same being used in interaction with Norwegian business partners. In three of the case companies the respondents mentioned that business trips and meetings with their business partners in both Norway and Russia happened frequently in different settings before the pandemic and the invasion of Ukraine, but that modern technology have made it possible to now on a higher level interact digitally through different platforms. In case company 3, N3 mentioned that they have only focused on digital communication in recent years, and that they usually have not travelled to Russia much.

In case companies 2 and 4, respondents N2 and N4 also mentions that time differences can be a challenging aspect of the interaction process which further affects the decision-making process and their activities. N4 stated that this mostly affects their interaction with business partners in the “Far East” of Russia, where time differences are significant. N2 mentioned that these time differences create a significant challenge in situations where decisions need to be taken quickly. N2 pointed out that it may take a whole day before an email is read and answered, because when we wake up here in Norway, the Russians in the “Far East” are ready to leave their office. However, both N2 and N4 said that there is usually a solution to this problem, where N2 pointed out that *“We need to have employees who are set to check their*

computers first thing in the morning and straight before bed-time in order to at least have some interaction before the Russians leave their office”.

5.1.3 Resource Ties

Evidence shows that business relationships between Norwegian and Russian partners are highly motivated by technology and knowledge, and that the level of information sharing is high. In case company 1, N1 said that their business relationships are mostly knowledge-based and emphasized that Norway is recognized across the world as the leading nation when it comes to designing fishing vessels, offshore vessels, and advanced vessels in general, whereas Russia is far behind and have been a developing country in this area compared to Norway. N2 (case company 2), who delivers fishing equipment to Russia, stated that particularly the “Far East” is far behind in technological matters compared to Norway, both when it comes to the choice of materials, design, and catchability.

In case company 4, N4 mentioned that their business relationships are described by the same factors as above, where the respondent said *“We provide experience, technology and knowledge. Russia is far behind in terms of technology within the maritime industry, and with our equipment the level of advanced technology can increase”*. N4 stated that the equipment they produce might be more expensive than what the competition provides, but due to the technology and knowledge that is used in developing it, the equipment has a longer lifetime and is more efficient, which makes it attractive also to Russians seeking more efficient fishery. Similarly, N1 mentioned that Russia operates with a large number of older vessels which are often less efficient, but due to the recognition of Norwegian technology in modern vessels, they choose to develop business relationships in that direction.

These findings are similar to the response of R1 in case company 1, who stated that business relationship with Norwegian business partners introduces them to top modern technology within the maritime and fishing industry. R1 also emphasizes that Norwegian partners can benefit from the Russian market, which is one of the biggest when it comes to ship construction and fishery. This is consistent with previous findings where access to this market have shown to be a decisive factor for Norwegian respondents.

There is also consensus among the Norwegian respondents that knowledge is not only a resource they provide for the Russians, but that they also gain a lot of knowledge through these business relationships. In other words, knowledge is shared both ways. N4 (case company 4) explained that *“We learn a lot when cooperating closely with for example ship owners. It increases our competences greatly, especially within fields like crab processing and onboard production of crab, since this has been big business in Russia compared to Norway”*. N4 also added that working closely and having knowledge exchange is important in these relationships, as it assists in identifying the optimal solutions.

In case company 2 it is found that their Russian business partners often give good and constructive feedback on the equipment that N2 have delivered to Russia, often in terms of how things can be done differently. For N2 this is helpful knowledge which allows them to make the right adjustments to the equipment, and then produce a new and more efficient version which will make the product more attractive. However, N2 mentioned that this knowledge and these adjustments might in most situations not be beneficial for other markets than the Russian, due to the limitations related to Russian rules and regulations.

In case company 1, N1 stated that you always learn something and gain more knowledge when cooperating with someone and emphasizes other forms of knowledge: *“We do not necessarily learn something new related to the technical aspect, but rather gain knowledge about the culture and the people in Russia”*. N1 pointed out that this is important knowledge to obtain, and that it over time can bring new opportunities and new important business relationships in Russia, which further can lead to the possibility of taking bigger market shares.

5.2 How does formal and informal institutions in Russia affect these business relationships?

Business relationships that span across international borders can often be affected by factors outside the relationships, like for example from the governments in the countries or by the cultural differences that exists. Therefore, it is important to understand the “rules of the game”, both informal and formal. The aim of this subchapter is to analyze and answer the question: *“How does formal and informal institutions in Russia affect these business*

relationships?”. This will allow for an understanding of how actors in these business relationships are affected by such factors, and to what extent.

In order to systematically analyze these findings, this chapter is divided into two more sub-chapters, formal and informal institutions, in accordance with the interview guide and the findings. This analysis follows the foundations of the institution-based view, where political, social, and legal rules of Russia are analyzed to see the effects it has on business relationships between Norwegian and Russian firms.

5.2.1 Formal Institutions

In terms of formal institutions there is especially one recurring factor that appears in the evidence. This is the high level of documentation that is required by the Russian government. In case company 1, respondent N1 argued that the reason for these documentation requirements is that Norway is far ahead when it comes to submission and approval of documentation, where things are done very easily through for example cloud-based solutions. Whereas in Russia, N1 stated that there is a more old-fashioned methodology being used, which is more time consuming.

Similarly, in case company2, N2 mentioned that the government in Russia often bears the mark of being “square” and rigid, where everything should be documented and written in contracts, which further can become more costly than first anticipated. N2 also said that: *“I think the Russians look to the West and wants business to go as smoothly for them as it does here. Therefore, I believe that they often develop simple workarounds in order to satisfy their government and to make the trade flow more easily”*. This suggests that also the Russian firms are affected by the strict Russian government in terms of contracts and documentation, and the decision-making processes within the business relationships become more time consuming.

Likewise, in case company 3, respondent N3 mentioned that this problem also occurs in relation to the Russian customs authorities and stated that it is always one case after the other: *“Everything needs to be declared and written down on a piece of paper. It seems like when the public authorities for example have less work to do, they create work for themselves in order to stay active”*.

The findings were also similar in case company 4. N4 said that *“The systems in Russia are highly characterized by its time under the Soviet. Very rigid with strict requirements in relation to documentation, stamps, and signatures. Things need to be stamped in 12 editions and signed 24 times. This is an unfamiliar way of working compared to what we are used to in Norway where trust and dependency is higher”*. These findings also support the previous findings that one might be a bit more attentive with relation to trust in business relationships between Norwegian and Russian firms, and that dependency is not very high.

Respondent N5 (case company 2) also mentioned that the Russian government’s documentation requirements can be a challenge, and that these requirements are stricter than what they are used to in the EU. N5 suggests that this might have a connection to corruption, and that one does not have as much trust towards the Russian system as one has towards the Norwegian or European systems.

Respondents N1 and N2 also pointed out one specific regulation that have been suggested by the Russian government, which can have major impact on their business relationships. In case company 1, N1 mentioned that some years back, there was a “quota-renewal” in Russia, which stated that shipowners would be rewarded 20 percent more quota if they decided to build their fishing vessels in Russia. With regards to this it has been said that the Russian government would allow for 80 percent of the projects to consist of foreign contents, but that the goal is to reduce this to 20 percent. N2 (case company 2) added that if this regulation is implemented, the Russian firms will have to think long and hard on how to spend those 20 percent’s, which further implies that the activity with between Norwegian and Russian business partners can be heavily reduced. N1 pointed out that this regulation is one of the reasons that they developed their own office in Russia. This allowed them to be regarded as a Russian ship designer. N1 also added that this regulation not necessary should be considered a negative change but points out that it for sure is protectionist.

In contrast, respondents N3, N4 and N5 mentioned that other than documentation, there are no specific rules or regulations significantly affecting their business relationships with Russian partners. In case company 2, N5 pointed out that within shipping, where they have operated before, you always need to adhere to rules concerning for example safety but that these rules exist and affect you no matter where you are in the world. However, N5 emphasized that

“having a partner who understands the rules and regulations and that understands the Russian system is decisive for achieving success”. Similarly, N1 (case company 1) added that they have always had people or partners in Russia who understands how the country works, who have guided them and made it possible to have Russian business partners even though there is *“a rigid bank system and a strict tax police”*.

N1 also pointed out that the vessels they design need to be fitted for Russian rules and regulations, this means designing vessels with regards to RMRS (Russian Maritime Register of Shipping) instead of DNV (Det Norske Veritas) which they are used to. N1 emphasizes that this is not affecting their business relationships and that *“it is just a technical challenge were understandings and classifications are somewhat different, but that this would be the case in other countries as well and can therefore not be directly related to Russia”*. Similarly, in case company 2, N2 mentioned that there are requirements in terms of for example quotas and technical aspects of the equipment, but that this does not have any affection on either them or their business relationships, as it would be the case in other markets as well.

In case company 4, N4 added that other rules and regulations, specifically rules within the maritime industry and their area of business, are not much stricter in Russia than they are in Norway and pointed out that *“We are used to operate on a high level in line with regulations. The Russian government and their regulations is not the biggest challenge, but the biggest challenge is rather to find out which rules there and to understand what they mean”*. The respondent also stated that there is a lack of such information in English, which is in line with N5’s (case company 2) previous response stating that Russians often are reluctant to translate documents into English.

Further, the evidence show that the Russian government is supportive of the business relationships between Norwegian and Russian firms, or at least that they have not expressed any negative thoughts towards it. In case company 1, N1 mentioned that they often participate in different “festivities” related to for example the handover of a vessel to Russian owners, where the Russian government is always present. On these occasions, N1 have gotten the impression that the authorities have been very positive to the cooperation between Norwegian and Russian firms. N2 from case company 2 pointed out that they have never been on a level where the Russian government have had any significant affection on them or their business relationships but mention that they might have more impact on their Russian business

partners. However, N2 added that *“They need to adapt to their government just like we need to adapt to ours. We need to operate in line with our rules and regulations, and they need to operate in line with theirs”*.

5.2.2 Informal institutions

In terms of cultural differences and norms of behavior there is especially one factor that stands out in the evidence. The respondents argue that the hierarchical system in Russia is extremely visible and that this can have impacts on the business relationships. From case company 2, the findings show that in Norway we are highly used to a flat structure where N2 pointed out: *“I can walk out of my office and straight into the director’s office to have chat, whereas in Russia they are much more hierarchical and it’s almost like you need to apply for an audience to speak with the boss”*.

Similarly, in case company 1, N1 pointed out the flat structure in Norway, and mentioned that Russians have very pointed hierarchy’s and operate in a more formal way. N1 also emphasizes that one of the biggest challenges of cooperating with Russian business partners is understanding the cultural differences that exists. The respondent mentioned that in Norway, we are used to short, easy, and informal messages, whereas Russians have a completely different view on how this should work. This is similar to the response of N5 in case company 2, who stated that Russians stick to a more formal structure, and that hierarchy is much more visible in Russia than in Norway. Further, N5 said: *“I especially noticed this when working in shipping, where everything had to go through every stage before a decision could be made. Things flow more easily in Scandinavia”*. She added that in Russia, even if the person you interact with know the answer or the decision that needs to be made, it always needs to be conferred with someone on a higher level.

N4 (case company 4) mentioned that also they find the hierarchical system in Russia highly visible, and that important decisions are often heavily delayed as it needs to be handled within the Russian firms and taken to higher levels before a final decision can be made. However, N4 stated that although this can have negative impacts on their business relationships, they have usually been very lucky and had contact with decision-makers in Russian firms, who have been able to make quick decisions.

N2 from case company 2 further added that the hierarchical system in Russia makes you lose the flexibility to turn around quickly. *“The decision usually doesn’t lay with the person you get the request from, but it lies further up the hierarchy which leads to a situation where you are sat waiting for someone to confirm because it needs to go all the way through the system.”* He argued that such cultural differences are often hard to understand but added that this is a two-way thing. It is often hard for the Russian business partners to understand the informal and flat structure that is being used in Norway.

Interestingly, in contrast to these findings, in case company 1, respondent R1 said that when cooperating with Norwegian firms the decision takes longer time than when cooperating with Russian firms. He argues that in Norway there is a culture for calculating risks more thoroughly and that the discussions are longer. He stated that in Russia they are much more willing to take risks to reduce their costs. This suggests that the respondents are all keen on taking decisions quickly, but that the definition of what a quick decision is can differ highly between Norwegian and Russian business partners.

Respondent N1 and N5 mentioned that they put a lot of effort into understanding the Russian culture before developing business relationships. N1 (case company 1) emphasized that a certain understanding needs to be developed in order to create successful business relationships, and you need to understand what you can not do in other cultures. Both N1 and N5 stated that one should be careful in discussing politics with Russian business partners, and in case company 2, N5 specifies that Russians are more reserved in this area than Norwegians who discusses politics every day. She added that: *“Discussing for example politics with Russian business partners will not make you popular, and the last time I was in Russia, in 2015, I quickly discovered that such topics of conversation were unacceptable”*.

N5 also mentioned that Russia has a stricter culture with regards to people making mistakes. She explained that if she were to solve such a problem, she would try to guide people and lead them in the right direction, whereas in Russia, leaders might have a “colder” way of solving such problems where they strictly tell you to do this and that. This Russian approach might lead to people having more respect towards leaders, which supports the findings on the hierarchical system. N5 added: *“If you don’t know about this cultural difference, it might come as a shock for either of the parts in the relationship”*.

The findings also suggest that corruption and bribery occur in the Russian market, which can have great impact on business relationships, but it also shows that Norwegian firms distance themselves from such situation. In case company 1, N1 mentioned that he has always focused on being transparent towards Russia, but that since the first time he started talking about Russia, he has been warned about a culture of bribery, or “kick-back” as the Russians like to call it according to respondent N1 and N2. N1 stated that their Russian business partners have never proposed such things to them, but he points out that people from their firm working in Russia often challenge him on how to deal with bribery and corruption, and the answer is always that it is a “no-go”, it is unacceptable. N1 also mentioned that their Russian employees might find it harder to deal with these situations, which he finds understandable due to the culture. He added: *“We have not been exposed to it as far as I have noticed. There are a lot of contracts on ship designs that others have won, which of course can be the result of such events. However, this is not something that we know of, and we cannot concretely say that this is the reason to why we would miss out on a contract”*.

In case company 2, N2 mentioned that the Russian society is partly built up of money under the table and bribes. In contrast to the findings in case company 1, N2 have experienced someone trying to do a “kick-back” and that the ones doing it is not very good at hiding it. He mentioned that: *“It is often obvious that a purchaser in a bigger company starts looking at different offers to find out if he can gain any personal benefits. This is easily understandable in e-mails where they use the word kick-back instead of bribes”*. Like N1, he mentioned that such actions are “no-go”, and that business relationships of that kind are in no interest.

Similarly, in case company 4, N4 pointed out that there have been hints suggesting that a situation with bribery could occur and presented an example where a decision was to be taken on a high level within the Russian government. This decision concerned approval of equipment they were delivering to Russia, and it became quite time consuming. This created an opportunity for the Russians to do “measures” in order to speed up the process. However, this is not something N4 would be involved in, and stated that the firm have clear rules that such actions are unacceptable.

In contrast, respondents N3 and N5 in case companies 3 and 2, stated that they have never experienced these kinds of situations, but they strongly believe that bribery and corruption

happen often in the Russian market. N3 emphasizes that it is most common within the public sector, but that it in recent years has improved a lot.

Evidence further show that the Russians often put time into developing personal relationships rather than only having a strictly “professional” relationship on the firm level. In case company 4, N4 mentioned that he believes the reason that they have managed to create an efficient cooperation with one of the big shipowners in Russia, is the personal relationship they have built. In relation to this, he added: *“I remember this shipowner told me that when they cooperate with very big firms the relationships often become unpersonal. Therefore, they rather wanted to cooperate with us as a medium-sized firm, where there are possibilities of building personal relationships instead of just being a small pawn in the game”*. Similarly, in case company 1, N1 stated that over time, personal relationships gradually evolve over time.

In case company 2, N2 mentioned that Russian business partners often evaluate people based on what they can contribute with, and build personal relationships based on this. In other words, you are ranked based on your competences. N2 presented the following example: *“I have a colleague who specializes in a specific type of equipment that we often deliver to Russian business partners. He knows everything about the product and can explain in detail to the Russian how it should be used etc. This makes him valuable to them, which makes them want to connect more to him. On the other hand, a guy like me who does not have competence in that area, won’t necessarily be valuable to them, and therefore it is harder to come closer to them”*. This suggests that a Russian would put effort into developing a personal relationship if he finds you valuable.

5.3 What is the impact of past and present economic sanctions on business relationships between Norwegian and Russian firms?

Russia have long been a sanctioned country due to their actions towards Ukraine and an increasing tension with the West. Sanctions have been identified as a factor that heavily affects economies and trade between countries. Due to this, it is interesting to understand the impacts it may also have on business relationships, particularly between Norwegian and Russian firms for this study. Therefore, the aim of this sup-chapter is to answer the question:

“What is the impact of past and present economic sanctions on business relationships between Norwegian and Russian firms?”.

The interview guide was built up with numerous questions about sanctions and their impacts, based on theory on these sanctions. The findings show how the firms have been affected by both previous and newly imposed sanctions. The previous sanctions included are mainly in relation to the Russian annexation of Crimea back in 2014, whereas the new sanctions are related to Russia’s recent invasion of Ukraine. Therefore, the analysis is divided into two main sub-chapters, where it is possible to analyze the different impact of both previous and new sanctions. In addition, a sub-chapter concerning business relationship dissolution is included in the analysis, due to the impacts identified.

5.3.1 Past sanctions

The evidence shows that most of the respondents were not heavily affected by previous sanctions, but that there indeed were some problems related to banks and payments after the sanctions imposed in 2014. In case company 1, N1 mentioned that there have been some problems with money laundering in Russian banks, which leads to a situation where Norwegian banks do not want to touch cases which can have hints of such actions. N1 provided an example of a situation related to these payment problems: “When starting business in Russia, we dug deeper into the partners we developed business relationships with through The Ministry of Foreign Affairs and through lawyers. Here we found that our business partners were not sanctioned. In the beginning, payments and other activities worked out well, and there were no concerns. However, after some time, the payments were suddenly stopped without any further notifications. We contacted our bank but got no information concerning the payments. It turned out that another Norwegian bank was responsible for Euros being invested into Russia, and that this bank had stopped the payments as they had enough transactions between us and our business partners, to potentially believe that they were in conflict with different sanctions. However, the banks did not bother to check this out and none of the banks were willing to discuss the case. We reached out to The Ministry of Foreign Affairs, which informed the firm that the banks can not operate in such ways. The Ministry of Foreign Affairs also suggested the firm to get in dialogue with the Minister of Finance, which further suggested the firm to contact The Ministry of Trade and Industry. None of the governmental organs had any interest in discussing the situation that occurred”.

Even though the actions by N1 were completely legal, Norwegian banks were uncertain as to whether money laundering was happening, or if the payments were in conflict with sanctions. N1 added that this also annoyed their Russian business partners, due to all the questions about payments, which he described as destructive towards the relationship and the firm. N1 further stated that the sanctions that had most impact after 2014 were imposed by USA.

Similarly, in case company 4, N4 mentioned that the biggest challenge after 2014 were bank connections. N4 also pointed out that they previously had a bank which had to completely stop transfers to Russia as they were listed on the American stock exchange. The reason for this were sanctions imposed by USA. This created a threat towards their business relationships and made trade more difficult, which led to the decision of switching banks.

In case company 2, N5 said that also she encountered problems with banks and payments after the 2014 sanctions and that there has been instability in Russian banks for many years now. She pointed out that things became stricter and that you needed to have more control over who owned the companies of your business partners, and that you always needed to provide information about the purpose of a money transfer. N5 also mentioned that the problems and sanctions related to banks led to the necessity of changing banks and accounts. N3 mentioned similar challenges, where payments and banks are described as a challenge evolving from previous sanctions. Another interesting finding from this respondent is that they also encountered challenges related to crew having addresses in Crimea. He said: *“We have had crew agents in Russia, and when the sanctions in 2014 came, we needed to make sure to not use any crew with a registered address in and around the Crimea area. We needed to provide information about this and do thorough examinations in order to not conflict the sanctions”*.

Respondent N1 from case company 1 provided insight into another challenge that had some impact on their business relationships. For many years, N1 has had Ukrainian employees which have performed much of the communication with Russian business partners due to a better understanding of language and culture. However, he stated that the relationship between them became more tense due to the situation in 2014, which might have affected the communication.

In contrast, in case company 2, N2 pointed out that he did not encounter any significant challenges related to previous sanctions, and that trading with Russia and developing business relationships was a lot easier than what it is today.

5.3.2 Present sanctions

Evidence show that sanctions imposed after the Russian invasion of Ukraine have had a much stronger impact on business relationships between Norway and Russia, compared to previous sanctions. NHO (2022) suggests that the reduction in oil prices had more impact than sanctions in 2014, but that the effects can become increasingly more comprehensive due to the present sanctions. The findings suggests that the problems related to banks and payments have become significantly more challenging and that uncertainty is increasing.

For instance, in case company 1, respondent N1 mentioned that it has become impossible for their firm to get money both in and out of Russia, which has had great consequences for the firm and their business relationships. N1 added that *“the situation has led us to shutting down our office in Russia, as we are no longer able to pay salary to our employees.* N1 further stated that they had a good position in Russia with new projects waiting, but that the sanctions led to all these projects being eliminated.

This is supported by the findings discovered in NHO’s report, which emphasizes that banks are being shut out of the payment system Swift, which is a payment system that span across international borders. NHO mention that not having access to this system will make it hard to transfer money, which further will make it impossible to deliver products or services. It is also emphasized in the report that change of accounts and banks under the present sanctions, which can be considered a circumvention of the rules, is not applicable to serious firms due to the possibility of a weakened reputation and breaches to sanctions. (NHO, 2022)

In case company 2, respondent N2 mentioned that with the new sanctions, also he encounters issues and challenges in business relationships. N2 stated that sanctions related to banks and payments are the ones worrying him the most because these types of sanctions can appear very suddenly and at the same time be heavily comprehensive. He added *“six-seven banks have already been sanctioned and suddenly this can evolve and include more banks”.* This created uncertainty where we have had to take measures in order to reduce risks. If for

example Swift is closed, it will have huge impacts. The respondent mentioned that the measures to reduce risks include transferring more of the risk towards their business partners, which of course is inconvenient and makes the business partners more uncertain.

N3 (case company 3) mentioned, similar to N1, that it has become extremely difficult to carry out payments to Russian crew. He pointed out that this problem also existed under the previous sanctions, but that it has escalated to a completely different level. In addition to this, N3 stated that when doing business in Russia today, after the new sanctions, you often won't get the payment that you are entitled to, which he describes as "*extremely hopeless*". N3 added that: "*Sanctions are making things extremely unpredictable, and it is impossible to plan because you never know what will happen the next day*".

From case company 4, N4 explained that they have over NOK 100 million worth of contracts currently in deliveries going out to Russian business partners. He further added that only one of these were delivered before the invasion, and that the rest has currently stopped due to sanctions and exporting restrictions from the EU. This affects both the firm and the business partners, as no one understands what will happen to the remaining contracts, according to the respondent, where he further emphasizes that: "*It is challenging with both money transfer and the shipment of products, and business becomes harder under such circumstances*". He also mentioned that specifically sanctions related to shutting down Swift and banks, affect them heavily as they can't get money from Russia to their Norwegian bank.

Some of the biggest issues related to present sanctions according to N5 (case company 2), are highly similar to the other findings. She mentioned that she becomes very uncertain on how to act, due to the fragility in banks and payments not going through. N5 added that she thinks this can become much bigger than it already is, where it in the end might not be possible to carry out any payments or to ship any products and equipment, but that they just need to follow this situation day by day to try and understand it better. And what is the reason for having Russian business partners if you can't do business with them?

Similar to the Norwegian respondents, in case company 1, R1 explained that the sanctions have impact on money transfer and payments between the business partners. He mentioned that Norwegian companies are eager to continue business in Russia, but that restrictions and sanctions from European governments stops or delays these activities. He stated that "*From*

our side, there is no problem in continuing business cooperation, but it becomes complicated when other governments restrict us from doing so.”

R1 further mentioned that the sanctions to some extent prevent them from purchasing technology from Norwegian business partners, which of course is a big impact. However, he emphasized that the sanctions lead to more development of technology inside Russia, where Russian businesses have the opportunity to become more independent.

The findings show that the present sanctions affect the communication and activity between Norwegian and Russian business partners. Evidence shows that when money transfer becomes difficult, everything else is affected. This might have been most dramatic to case company 1, where N1 mentioned that due to the shutdown of their office in Russia, they have lost the capacity of five employees who had much of the communication in these relationships, but also lost capacity in relation to Ukrainian employees, who is going through a tough time. N1 also explained that they have encouraged their CEO in Russia to stay in contact with business partners in the country and explain that as a Norwegian firm, they can't operate in Russia during the current situation.

In case company 2, N2 mentioned that their activity with Russian business partners have been reduced to a certain level because of the present sanctions. They have as suggested previously by the findings, had to move much of the risks from themselves onto their business partners, which have created a reduction of activity. He also admitted that they have been warned that Norwegian ports might become closed to Russian vessels, which will have big consequences for their activity in the northern parts of Norway, as they often deliver equipment to Russian business partners in this location.

For case company 3, N3 emphasized that the sanctions have led to a reduced access to cargo, which is their main are of business with Russian business partners. He explained that this, in addition to recent problems related to accessing the country in situations where they for example need to do a crew change, has become a huge consequence of the present sanctions. The findings from case companies 2 and 4 show similar opinions to the findings in case company 3 and emphasizes that not being able to access Russia in the same way as before creates consequences with regards to business relationships and the communication they have with them. N4 (case company 4) added that they try to keep connection with their business

partners digitally and hope that the situation soon better in order to obtain a successful relationship with their Russian business partners.

NHO argue in their report that uncertainty related to present sanctions will affect the activity levels between Norwegian and Russian firms, where uncertainty concerning hiring- and investing is highly visible. They also mention in their report that: *“In the short term, less trade, increasing prices and increasing disturbance in value- and transportation chains will reduce international activity”*. (NHO, 2022).

Also newly imposed sanctions on oligarchs can have a major impact on these business relationships, according to the findings. In case company 1, N1 emphasized that as things are today, there will always be problems, and one will end up in conflicts with some individuals or firms that are covered by sanctions, which can be seen as a violation of the sanctions. Similarly, in case company 2, N2 mentioned that they encounter issues in relation to sanctions on oligarchs: *“There have been situations where our Russian business partners have been connected to a sanctioned oligarch, where we have had to tell our business partners and customers that we cannot cooperate any longer”*. Respondent N5, also in case company 2, had similar thoughts and mentioned that it has become increasingly important to examine who is connected to their Russian business partners, and how close these oligarchs may be connected to the Russian firm. The report by NHO supports these findings, which states that restrictions on transactions and cooperation with such individuals will decrease Norwegian firms' trade with Russian business partners (NHO, 2022).

5.3.3 Business relationship dissolution

The evidence shows that the present sanctions have led to business relationship dissolution in some cases, while others are still in the consideration stage due to uncertainty. In case company 1, N1 mentioned that the current situation has led to almost complete dissolution of their relationships, where they currently have no activity in Russia. He also added that they decided to exit at the right time, where they had no ongoing projects or contracts in Russia which made exit barriers and costs lower. The respondent added that there was an ethical question to consider in relation to whether continuing doing business, but that the conclusion was quickly to end it as there would always be conflicts with the present sanctions. The process of ending business relationships was communicated in a good way, according to N1.

They had a meeting and informed that their business could not continue, but that the Russian CEO would keep in touch with business partners in case there can come a time for restoration. N1 also mentioned that they are currently trying to pay out the missing payments, and that they want to transfer the ownership of their Russian company to the Russian CEO, due to counter sanctions by the Russian government stating that one can risk up to seven years prison for missing taxes, and that the government can take ownership of foreign companies in Russia. Supporting these findings, NHO mention in their report that the present sanctions will lead to many subsidiaries in Russia, owned by Norwegian firms, to get shut down (NHO, 2022).

Similarly, R1 stated that their firm would highly wish to continue business with their Norwegian partners, but that sanctions have destroyed these possibilities. He added that the lapse of relationships and cooperation with Norwegian and other foreign firms have led to increased activity within the Russian market, where they now get between five to seven requests every week instead of one or two. This suggests that exit barriers have been lowered also for R1.

In contrast, in case company 2, N2 emphasized that they are still in the consideration stage, and added that *“As things are now, we need to have a plan a, plan b, plan c and so on. One of these is to end our business and business relationships in Russia. However, this is something we have not decided yet, but it is being considered, and it would be stupid not to consider it”*. He further stated that they currently have no commitments to contracts, and that twisting the risks more towards Russian business partners with new payment terms, are enabling them to reduce the exit barriers that might occur.

Similarly, in case company 3, N3 mentioned that it is no longer realistic to hope that the situation will improve, and that one can continue cooperation with business relationships. He added: *“Previously, it has been easy to cooperate, but now we are looking at alternatives to use other markets and to enter new areas in order to move out activities and continue at the same pace elsewhere”* N3 also emphasized that they have lost business relationships with workshops that they previously have used in Russia, and that they are now more focused on the Baltic countries.

Furthermore, in case company 4, N4 emphasized that they still have a certain amount of contact and communication with their business partners in Russia, but that the situation today is highly uncertain. In contrast to the other case companies, N4 stated that *“We hope and think that the situation will get better over time, and therefore it is stupid to burn all bridges with our business partners?”*. He further added that the process of ending these relationships will not be too comprehensive, and that the contracts they have is not the biggest issue: *“The economic losses of such a great market with high potential and opportunities will affect us the most”*.

In case company 2, N5 added that Russian business partners previously was a completely normal business partners, but that things now are becoming harder and harder day by day. She added: *“We just need to consider how things plan out and make considerations every day as to what happens with sanctions etc.”*.

Similarly, NHO mention in their report that uncertainty have increasingly weakened the growth prospects in the Russian market. They mentioned that previous sanctions in 2014 had negative impacts on Norwegian export of vessels and equipment within fishery, but that there now is reason to believe that it will decrease even more and at a faster pace. NHO states that the reason for this is that the present sanctions will makes it illegal or problematic to cooperate with Russian business partners, and also due to reduced demand in the Russian market (NHO).

6 Discussion

The aim of this chapter is to discuss and compare the empirical evidence found in the analysis in relation to the theory presented in chapter 2. This is done in order to identify which findings are in line with the theory, and which findings are not. The chapter is structured according to the research questions presented, where the three sub-questions are discussed and answered first, which further will lead to a discussion of the main research question in this study: *“How are business relationships between Norwegian and Russian firms in the maritime industry affected by international risks?”*.

6.1 Research question 1

In this first sub-chapter, the first sub-research question is discussed and answered: *“How well-developed are business relationships between Norwegian and Russian firms?”* Here, the interaction process, the participants, actor bonds, activity links, and resources ties between Norwegian and Russian firms are discussed, in order to identify which factors are leading to well-developed business relationships.

The theory showed that a prerequisite for a successful long-lasting relationship is that the actor bonds created consist of “trust, mutual understanding, learning and a cooperative atmosphere” (Abrahamsen & Håkansson, 2016, p. 199). The findings support the theory in the fact that trust, learning and a cooperative atmosphere is central in obtaining well-developed business relationships. This also supports the theory suggested by Håkansson (1982), where he emphasized that social exchange episodes like trust building, is important in order to create strong and long-lasting relationships (Håkansson, 1982). This study found that the business partners does not have any issues in trusting each other, and that trust is built up over time during the relationships, which further lead to a stronger bond and a more well-developed business relationship. There is also consensus among the respondents that Norwegians and Russians are pretty similar, which contributes to a good cooperative atmosphere, where trust and loyalty improves the relationships. However, the findings suggest that one should do research and be attentive before putting too much trust in Russian business partners. The longer the relationship has lasted, the easier it is to build trust. The other factor mentioned in the reviewed theory, mutual understanding, is not as highly affecting as the other factors. The findings suggests that it is sometimes hard to understand certain cultural differences, and that if one does not understand the Russian language, there will be challenges. However, the findings suggest that this is not a significant negative factor, as there are solutions today with using for example interpreters or agents.

The reviewed theory suggested that the emergence of the different marketing and purchasing interactions can be explained by three main factors; previous history of interaction patterns, the ambitions of the parties involved and lastly, the technological, social and political context (Håkansson & Waluszewski, 2013). The findings show that especially the second factor, the ambitions of the parties involved, is central in the interaction process. Håkansson & Waluszewski (2013) emphasized that larger actors may have greater ambitions and more

thorough strategies within this field, and therefore would want to invest more into the development of marketing and purchasing interaction. For example, they might have the ambition to create long-lasting relationships that they can benefit from in the future. This would demand them to use more intense interaction and be highly strategic conscious. The findings support the need for ambitions in order to create successful business relationships, where the Norwegian firms emphasized that they have big ambitions in gaining new market shares from the Russian market, which further can lead to higher profits through long-term relationships. Similarly, findings show that Russian firms develop business relationships to get access to technology and to gain greater profits. However, the need for strategic conscious is less emphasized by the firms, as the findings show that the firms don't have any specific strategies, but rather base their business in Russia on incoming requests, where interaction leads to something more, or communication through agents that further develops into actor bonds.

The theory previously presented showed that the parties need to create modifications to the exchange and to themselves, in order to adapt (Welch & Wilkinson, 2004). And, that a firm needs to balance their inter-dependence with others (Håkansson, 1982). Interestingly, the findings show other results. The data collected suggests that not many adaptations are necessary to themselves, the firm or to their personal ways of behaving in order to obtain well-developed relationships, other than some minor cultural differences which appear in most international business relationship. This can to some extent be explained by the fact that agents are frequently used in interaction, where the findings show that this makes it less necessary to make any substantial adaptations. Evidence also show that the Norwegian firms want their Russian partners to adapt more to them, within the maritime industry, due to how modernized and efficient this industry is in Norway compared to Russia. The findings also show that Norwegian firms are not dependent on their Russian business partners, which might make them more reluctant to adapt.

The evidence also shows that technological and political contexts are important influencing factors, which supports the theory stating that: To be able to create successful interactions across national borders that can develop into long-lasting relationships and networks, public investments in technological aspects such as infrastructure and communication are pivotal (Håkansson & Waluszewski, 2013). The evidence show that the business relationships have become successful due to the possibility of communicating online. Investments in modern

technology like e-mail, Teams and WhatsApp have created the opportunity of communicating without having to travel, which makes interaction more efficient and frequent, especially through the Covid-19 pandemic. The findings suggest that this have made it possible to maintain strong business relationships.

Throughout the development of the relationship, the resources that are needed of the two participants might get connected. Different resource elements from one party are made accessible to the other, and a resource tie is created between the two (Håkansson & Snehota, 1995). Håkansson (1982) also suggested that the interaction process is often shaped by technology, as it can decide the level of interplay between the parties' technological systems. If the level of expertise is close, and technology from one is easy to adapt by the other, the relationships might be built on more mutual trust, and vice versa. This is highly supported by the findings, where the research shows that technology and knowledge is a great motivation for creating these business relationships, and that the level of information sharing is high. The Norwegian firms offer resources in the form of modern technology and knowledge within the maritime industry since Russia is far behind in this area. Russian firms adapt these solutions, and find their fishing processes more efficient, which makes it easier for them to adapt to new resources and to place trust in Norwegian business partners. The findings also show that the Norwegian firms adapt to the knowledge they gain from Russian business partners, in relation to feedback on for example fishing equipment, or knowledge about the culture and the people.

The recent rapid globalization has led more Western businesses to position themselves in new markets, and therefore, Western countries are more than ever seeking to develop new business relationships internationally, including Central Eastern European countries such as Russia (Ivanova-Gongne et al., 2018). This is supported by the findings showing that Norwegian firms seeks to build strong business relationships with Russian firms, due to the access to a huge market with great potential and endless opportunities. This study shows that the maritime industry in Russia is growing and that it has a large potential to grow, which is much of the reason for Norwegian firms to develop business relationships in this part of the world.

The answer to the first sub-research question is that ***business relationships between Norwegian and Russian firms have become well-developed through mutual trust, resource ties, technology, and strong ambitions. Moreover, these relationships become stronger over***

time through trust building, information and knowledge exchange, and a cooperative atmosphere.

6.2 Research question 2

In this sub-chapter, the second sub-research question is discussed and answered: ***“How does formal and informal institutions in Russia affect these business relationships?”*** Here, both formal and informal institutions in Russia are discussed in order to identify which factors have an impact on business relationships between Norwegian and Russian firms, and how and to what extent these factors affect the business relationships.

In terms of formal institutions, there are certain factors affecting the business relationships more than others. The reviewed theory described formal institutions as formal rules, laws, regulations, and enforcement mechanisms (Puffer & McCarthy, 2007). Theory also suggested that these “rules of the game” affects strategies and performances of firms doing business in other countries (Peng et al., 2008). The findings suggest that formal institutions not only affect the strategies and performances of the firms, but also the business relationship between the firms. However, the findings also show that this varies between the different cases. In two of the cases, on specific rule suggested by the Russian government is emphasized, which as mentioned previously states that Russian firms can only have 20 percent foreign contents in their projects. The findings suggest that this can have negative impact on the business relationships, as activity links decrease with less activity, a reduced utilization of resources impact the resources ties, which further weakens the actor bonds. In the other cases, the findings suggest that there are no specific rules and regulations affecting the business relationships, other than rules related to technology, classification, and product characteristics, which needs to be adapted to in other foreign business relationships as well.

The reviewed theory further showed that even though there have been many attempts to develop stronger formal institutions, Russia is affected and influenced by the history of the country. The institutional environment is recognized as highly unstable and turbulent. The changes towards market-oriented economy, with radical political changes, lead many companies in the direction of reevaluating the business activities, identify new customers and suppliers, as well as developing and obtaining new competencies within business. This uncertainty regarding the institutional environment affects businesses opportunities to seek

international cooperation (Laine & Galkina, 2016). The findings support this theory to a certain extent. In all the cases studied there is consensus that the systems in Russia are rigid, square, and strict, and that these systems are affected by Russia's time under the Soviet. However, the firms in the cases studied have not reevaluated their business activities or business relationship, but they rather follow the demands that are set. There is one specific demand from the government that affects the business relationships studied. Which by the findings is suggested as an enormous requirement of documentation, stamps and signatures. It is found that the instability and lack of trust in Russian formal institutions have created an environment where things need to be extremely controlled. This requirement makes trade between Norwegian and Russian business partners time-consuming, which has a negative impact on the actor bonds.

In two of the cases studied, the findings suggested that the rules and regulations in itself is not the problem, but rather the case of getting familiar with the applicable laws, rules and regulations due to the uncertainty that exists in the Russian institutional environment, which supports the theory previously described. However, it is found that when firms have developed business relationships with Russian business partners and agents, it becomes easier to understand what is applicable as you have connection to someone who might understand it better.

The reviewed theory suggested that the lack of formal institutions in Russia have led to a high level of dependence on informal institutions. (Puffer & McCarthy, 2011). Theory showed that informal institutions are defined as the norms of behavior that lay within cultures and ideologies (Peng, 2002). The findings suggest that informal institutions are strong in Russia, and that cultural differences often appear as the answer when discussing the challenges of being part of a business relationship between Norwegian and Russian firms. In other words, it can often be hard to understand the informal "rules of the game", where the findings suggest that Norwegian firms often need to put a lot of effort into understanding the Russian culture, and vice versa. From the Russian perspective, it is found that they find the Norwegian culture hard to understand in terms of the flat and informal structure in terms of for example hierarchy, and that Norwegians spend more time on calculating risks, which takes time. From the Norwegian perspective, it is found that they find the Russian culture hard to understand in terms of the formal structure with a strict hierarchical system, which further is time-consuming due to the fact that every decision needs to go through numerous links before it can be made.

The trouble with understanding culture and norms of behavior between the actors in the relationship, where both parties find trade as time-consuming, have a weakening impact on the actor bonds.

Theory further showed that Russian managers have, in order to carry out business activities, relied heavily on informal cultural-cognitive institutions like personal networks (Puffer & McCarthy, 2011). This is supported by the findings, where it is suggested that personal relationships develop over time, and that efficient cooperation is often the result of a successful personal relationship. However, it is emphasized in one of the cases in the findings that the Russian business partner needs to see the value in you before he wishes to develop a relationship on a more personal level. Further, it is found this study that developing a relationship with the business partner on a more personal relationship, rather than on the firm level, can strengthen the communication and cooperation between the firms, which creates a foundation for stronger actor bonds in the future.

The reviewed theory also suggested that the chaotic and uncertain institutional environment in Russia can lead to unethical events such as corruption and bribery, which can be highly challenging (Puffer & McCarthy, 2011). The findings suggest that such events is not currently a huge risk within the business relationships, due to the fact there is not found any such situation in any of the cases. However, the findings show that in two of the cases, there have been hints that could lead to corruption, bribery, or “kick-back”, which of course can propose a risk in the future. Evidence show that that managers in Norwegian firms are willing to destroy actor bonds if their business partner would suggest such actions.

The answer to the second sub-research question is that *formal institutions in Russia have negative impacts on business relationship between Norwegian and Russian firms, in terms of strict documentation requirements from the government, instability, and uncertainty. Moreover, informal institutions affect these business relationships in terms of strong cultural differences and a lack of mutual understanding between the partners in terms of hierarchical structures.*

6.3 Research question 3

In this sub-chapter, the third sub-research question is discussed and answered: *“What is the impact of past and present economic sanctions on business relationships between Norwegian and Russian firms?”*. Here, both past and present sanctions are discussed in order to assess the different impact the different sanctions have had on the business relationships. First, the discussion is built around the sanctions placed on Russia in 2014, due to the invasion of Crimea. Second, the sanctions placed on Russia in 2022 due to their invasion of Ukraine, is discussed.

The reviewed theory described economic sanctions as changing institutional condition which leads to great uncertainty and might be harmful towards businesses wanting to trade with and within Russia (Laine & Galkina, 2016). Further, it was found in the reviewed theory that sanctions do not only affect Russian business, but it also affects firms from other countries. Since the U.S. and the EU have imposed numerous sanctions that have reduced Russia’s access to Western financial markets, firms from sanctioning countries have not been able to invest much in Russia (Åslund & Snegovaya, 2021). The findings suggests that these problems and challenges already came to life with the impact of the 2014 sanctions. First, and maybe most visible, the findings show that performing money transfers between Norwegian and Russian business partners became a somewhat comprehensive challenge. The past sanctions led to great uncertainty for Norwegian banks as to whether payments were in conflict with sanctions. In most of the cases this proposed a threat to the business relationship, as there was great uncertainty around the payments, and a lot of questions asked. However, the findings suggests that during these times, it was possible for the firms to switch banks and accounts, which allowed Norwegian and Russian firms to continue their cooperation. Therefore, the past sanctions were in the end not heavily affecting the business relationships, due to the solutions identified, and these sanctions were not as harmful as the reviewed theory suggested.

Further, theory showed that sanctions lead to increased institutional uncertainty, which makes it hard for firms to interpret what is going to happen in the future with respect to regulative, normative, and cultural-cognitive institutions (Laine & Galkina, 2016). The findings suggest that this institutional uncertainty did not exist for too long after the 2014 sanctions, and that the relationships were kept stable for many years after this. Also new business relationships

between Norwegian and Russian firms were developed. However, with the present sanctions, uncertainty have increased enormously. First of all, there is consensus among all the case companies that the challenges concerning banks and payments have been significantly aggravated, which further have increased uncertainty in business relationships between Norwegian and Russian firms. It is found that the present sanctions related to banking systems and payments often appear very suddenly, which can make it hard to predict what is going to happen with the business relationships in the future. This impact is found in all of the studied cases, and it supports the reviewed theory on sanctions.

The findings further show that with the uncertainty that the present sanctions bring, and the reduced capability of carrying out payments, there also come reduced activity and communication between the Norwegian and Russian business partners. However, the level of this reduction is found to be on different stages in the different cases. In one case, the Norwegian firm have transferred more risk onto their Russian business partner, where the partner needs to carry out payment before any equipment is delivered by the Norwegian firm. This implies that the actor bonds are being weakened, as the Russian business partner might seek for better options, which can destroy the business relationship. In three of the cases, it is found that reduced access to travel to or enter Russia is leading to reduced activity between the business partners, which further affects the communication. However, it is found that the firms try to keep in touch, but that the sanctions and the institutional uncertainty is making this difficult. This implies that over time, these sanctions can destroy the business relationships, due to the fact that one can not carry out business transactions or interaction as usual. In contrast to other cases, it is found in case one that sanctions have made it completely impossible to carry out business activities, which today have destroyed the actor bonds, activity link, and resource ties between the Norwegian and Russian firm.

The reviewed theory showed that sanctions also can be targeted towards specific individuals (Humphreys & Paeglkalna, 2022). The findings in this study show that in two of the cases, firms have identified that such sanctions make it impossible to continue cooperation with the business partner. This implies that not only sanctions on banks create uncertainty and difficulties in cooperation, but also sanctions on oligarchs who might have connections with the Russian business partners.

The theory showed that with reduced trade and lower industrial activity, the demand of goods and services from Europe and the U.S. decline, and heavily invested firms from these

countries might lose market positions and income (Christie, 2016). The previous discussion shows this, as the activity between the firms have been substantially reduced due to the present sanctions. In fact, the findings show that business relationships in all the studied cases, have entered the dissolution process in one way or another. The previous theory suggested six different stages appearing in the ending process of business relationships. These were: consideration, restoration, disengagement, enabling, communication and sensemaking (Tähtinen, 2002).

The consideration stage concerns the question of whether to carry on with the relationship or to end it. This stage marks the start of the ending process, as it occurs first after an event have made it relevant to have such an evaluation (Tähtinen, 2002). The findings suggest that in three of the cases studied, the firms are still in the consideration stage, where the event of war and sanctions have led to the question of what to do with their business relationships. One of the case companies mentioned that they want to obtain their business relationships, which would lead them into the event of trying to fix the things affecting their business relationships, namely the restoration stage. However, the findings have suggested that the present sanctions are so extreme that hoping to obtain these relationships over time is unrealistic. This was especially emphasized by two of the case companies, as suggested by the findings. Therefore, it can be implied that the case companies have entered what is described as the enabling stage. The enabling stage was identified in theory as the stage where firms would try to lower exit barriers in order to reduce losses of ending business relationships (Tähtinen, 2002). This is supported by the findings, where the case companies are now looking for alternatives to develop business relationships elsewhere, transferring more risk onto their Russian business partner, as well as developing thorough plans of how to handle the ending process.

When sanctions become too comprehensive, and the firms have completed the enabling stage, they will, as suggested by the findings, most likely enter the disengagement stage. This stage involves actor bonds, resource ties and activity links, and describes the process of these three factors starting to weaken between the participants in the relationship, and in the end, fall apart (Tähtinen, 2002). The findings suggest that out of all the cases studied, only Case company 1 have entered this stage, where the business relationship between them and their Russian business partner have completely ended, and that the actor bonds have fallen apart. It is found that the present sanctions made it impossible to carry out money transfers, which have led to dissolution of the relationship.

The answer to the third sub-research question is that *past sanctions had some minor impacts on the business relationship, but that the firms found solutions which made it possible to maintain healthy business relationships, whereas present sanctions have an extremely negative impact on these business relationships. Moreover, the present sanctions affecting the business relationships is those targeted towards banks and Russian oligarchs, which further creates high uncertainty that forces business relationships between Norwegian and Russian firms to enter the process of dissolution.*

6.4 The main research question

The aim of this sub-chapter is to answer the main research question: *“How are business relationships between Norwegian and Russian firms in the maritime industry affected by international risks?”* Here, the answer will be based on the analysis and discussion on the previous sub-questions, in order to get a better understanding of which factors have the most impact, and to assess how the identified factors impact the business relationships. This chapter also presents a revised analytical framework based on the new findings.

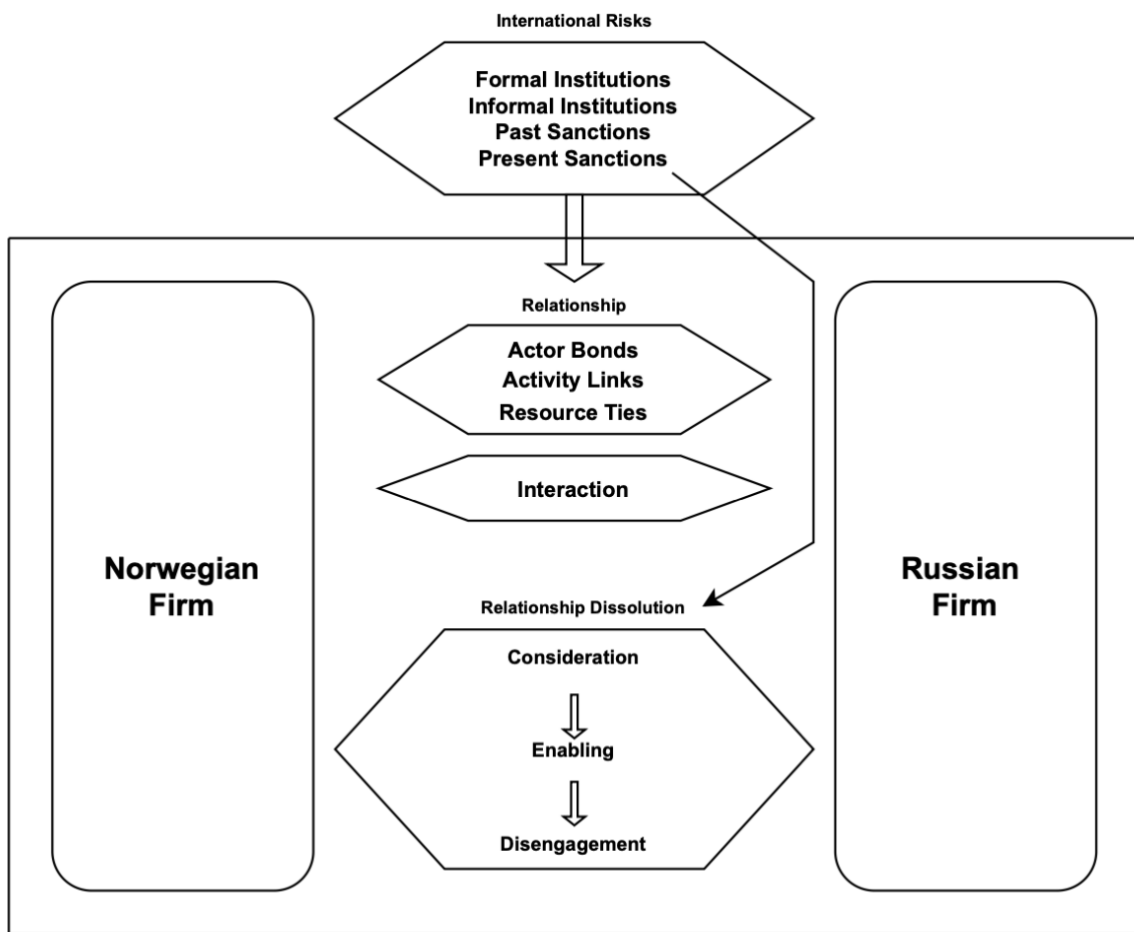
Firstly, formal institutions in Russia is identified as an international risk affecting business relationships between Norwegian and Russian firms. The identified risk factors here is the instability of these institutions, and the strict demands for documentation. The findings have suggested that the case companies have encountered challenges related to this documentation requirement, where everything needs to be written in contracts and signed multiple times. The impact this have on the business relationships is that it is often considered a time-consuming process. For the Norwegian business partners this creates first and foremost an increased degree of uncertainty, as well as the feeling of having to do extra and unnecessary work. This is found to often be demotivating for the Norwegian business partner who is used to modern technology with for example cloud-based solutions. The increased time usage related to this documentation requirement when crucial decisions need to be made fast, weakens the actor bonds due to importance of certain deals, and activities would have been easier to link without this requirement from the government, due to the possibility of making such decisions faster.

The instability of the Russian formal institutions is also identified as an affecting factor on the business relationships. A lack of understanding and a high degree of uncertainty are terms that

frequently come up when discussing formal institutions in Russia with Norwegian firms. The Russian government is described as rigid, strict, and square, which creates an instability that the Norwegian firms are not used to in the home country. This proposes a threat on the business relationships, as not understanding the “the rules of the game” in a country you are operating and cooperating in, can lead to unwanted surprises and difficulties.

In terms of informal institutions, cultural differences and a lack of mutual understanding of cultures is identified as international risks affecting the business relationships. Most of this issue is related to the Norwegian and Russian firms’ different views on hierarchy. Norwegian firms don’t understand the formal structure in Russia, and Russian firms don’t understand the flat structure in Norway. As mentioned, it is found that Norwegians find the structure in Russia to be more time consuming, which poses the same threats as mentioned above, where actor bonds might be weakened due to the time it takes to make a decision and the uncertainty that this brings. Even though informal institution can be an international risk in these business relationships, developing personal relationships with business partners is found to be a factor that reduces the risks related to the understanding of cultures and cultural differences.

Lastly, present sanctions are identified as an international risk. These sanctions are identified as the most affecting international risk on the cases in this study. It is found that the sanctions targeted towards banks and oligarchs forces the business partners to enter the process of dissolution, and that the sanctions create uncertainty which destroys these relationships. Based on these findings, a revised analytical framework is presented in order to display how sanctions as an international risk leads to business relationship dissolution:



7 Conclusions and implications

In this chapter, the findings from the analysis in in chapter 5 and the discussion in chapter 6 will be summed up, and conclusions to the research will be made. Further, the chapter will include a discussion on the academic contributions of the study, and lastly the practical implications, theoretical implications and recommendations for future research will be presented.

7.1 Conclusion to the research problem

The purpose of this study was to identify how business relationships between Norwegian and Russian firms in the maritime industry are affected by international risks such as institutional conditions in Russia, and sanctions. In order to assess this, three sub-questions were developed:

1. *How well-developed are business relationships between Norwegian and Russian firms?*
2. *How does formal and informal institutions in Russia affect these business relationships?*
3. *What is the impact of past and present economic sanctions on business relationships between Norwegian and Russian firms?*

This study first revealed that the business relationships between Norwegian and Russian firms have become well-developed over time, and that strong bonds have been developed between them. The most affecting factors contributing to the development of these business relationships were found to be mutual trust, strong resource ties, technology, and high ambitions.

Second, this study revealed that formal and informal institutions can be interpreted as an international risk towards business relationships between Norwegian and Russian firms. Formal institutions were found to be a risk due to their instability and uncertainty, and the government's strict policy on documentation and contracts. In term of informal institutions, this study found that there is a lack of understanding between the firms from the different countries in terms of the hierarchical structures and cultural differences. However, it is shown that developing personal relationships reduces these risks. Institutions are found to make decisions and activities between the business partners more time-consuming and uncertain.

Third, it is found that sanctions are an international risk towards the business relationships. Past sanctions were found to affect trade between the partners in the short-run, due to sanctions on banks creating challenges with payments. However, it was found that the firms found solutions to this problem by changing banks and accounts. On the other hand, present

sanctions is found to be an extreme international risk. The study revealed that present sanctions lead to business relationship dissolution, due to the scope and impact they have.

To conclude, past sanctions, formal and informal institutions, poses a threat on a lower level than present sanctions towards the business relationships, as they have created uncertainty towards the business relationships. However, firms have found solutions to these problems in order to maintain healthy business relationships. Present sanctions on the other hand, is identified as a highly affecting international risk, due to the fact that it puts business relationships between Norwegian and Russian firms into the process of dissolution.

7.2 Academic contributions and theoretical implications

As shown in the discussion in chapter 6, many of the findings from this study is consistent with previous literature on business relationships. However, this study has identified several new aspects and insights into the risks related to business relationships between Norwegian and Russian firms.

First, the study contributes with new insights on how sanctions affect the activity level and communication in business relationships. The present sanctions are a relatively new phenomenon, where not much literature have been developed yet. This study analyzed how newly imposed sanctions towards Russia, as an international risk, have impacted Norwegian business partners. The research also demonstrated how these sanctions lead to business relationship dissolution at different stages and levels, which brings a new perspective on how serious and affective these sanctions are. The study adds a perspective of how the new sanctions almost immediately placed business relationships in the consideration stage and the enabling stage, in order for firms to reduce their exit barriers and to secure other opportunities.

Also, in terms of sanctions, this study showed the great difference between the impact of past and present sanctions. Previous literature has been focused on the impact sanctions have on a county's economy, and how it affects trade in general. This study contributes to the literature on sanctions by highlighting the impacts it has directly on business relationships, and on how previous and present sanctions differently impact these relationships.

The study also provided an in-depth understanding of how formal and informal institutions affect business relationships between Norwegian and Russian firms as an international risk and demonstrated that not understanding the “rules of the game” can create uncertainty and instability among the business partners, which further highlight how crucial such an understanding is. The study also contributes with new insights on the importance of developing personal relationships in order to tackle the international risks of formal and informal institutions.

7.3 Practical Implications

First, the study provides insight into the most important factors that managers should focus on when building business relationships in Russia. Developing business relationships in Russia today, under the current circumstances, might not be relevant to current managers as it is becoming impossible due to the present sanctions, but the study provides implications that could be useful in the future if the situation changes for the better. The study first shows that the need for technology and knowledge within the maritime industry in Russia is high and suggests that the market in Russia has great potential for businesses within this industry. In order to successfully develop strong business relationships between Norwegian and Russian firms, it is shown in this study that managers can gain well-developed relationships by focusing on building trust with their business partner, creating high ambitions and maintaining a high level of information and knowledge exchange.

It is also found that there it can be highly beneficial for managers to be extra attentive when choosing business partners in Russia. Over the years, Russia have become a more and more sanctioned country due to their actions, where also individuals like oligarchs are targeted. It is important that managers seeking to develop a business relationship with a Russian business partner, gains a thorough understanding of the individuals involved with the Russian business partner, in order to not conflict present, and future sanctions that might occur.

Managers seeking business relationships in Russia should also put their focus towards building relationships on a more personal level, rather than strictly on firm level. This will allow for a stronger level of trust and understanding, which can help managers and firms in tackling international risks related to informal institutions. In addition to thus, building strong

bonds with agents to gain a better understanding of culture and the formal institutions in Russia can be beneficial for the success of their business relationships.

Managers should not only gain an understanding of sanctions related to individuals, but also economic sanctions targeted towards Russia and their banks. These sanctions are found to be destructive for business relationships, and gaining an understanding of what applies and what the sanctions mean, can be crucial for the continuation of a business relationship

With the current situation, it is important that managers wanting to, or are forced to end their business relationships in Russia, places a lot of focus on the enabling stage when entering the dissolution process. This will allow the managers to reduce their firms' exit barriers, in order to secure that the firm will not face any huge losses.

7.4 Recommendations for further research

This study has, like other research projects, had its limitations. The limitations are presented at the end of chapter 4, and together with the findings it is possible to present some recommendations for future research which could lead to a better understanding of the studied phenomenon.

First, the lack of Russian respondents in this study led to the disadvantage of not being able to thoroughly analyze and understand the Russian's perspectives on these business relationships and the impact they face from international risks in terms of institutional conditions and sanctions. In addition to this, the Russian respondent included in this study operates on the supplier side together with respondent N1 in Case Company 1, which led to the disadvantage of not being able to study the perspectives from the customer side of the business relationships. For future research, it would be interesting to include more Russian respondents, including respondents from the customer side of the relationships, in order to get a deeper understanding and other perspective on the international risks related to these business relationships. When adding more Russian respondents to the selection, it could also be interesting to include a thorough exploration of the institutional conditions in Norway, rather than mostly the Russian conditions, in order to identify whether Russians face any risks from the Norwegian institutional environment.

The situation that occurred in February this year, with the Russian invasion of Ukraine, made it challenging to obtain a larger selection of participants. For future research, including more respondents, not only from the supplier side but also the customer side, would be beneficial as it could bring more evidence to the phenomenon that is being studied.

In addition to this, it would also be interesting to see if the impact of the international risks found in this study is similar in other industries than the maritime industry. Including additional industries in future research could potentially reveal new insights on challenges and problems that both Norwegian and Russian firms stumble upon when cooperating with each other. The focus of this study has also been solely based on institutional conditions and sanctions. For future research, it could be beneficial to also include other aspects, which potentially can reveal other international risks that are highly affecting the business relationships.

It is also important to point out that the Russian invasion of Ukraine that is currently still happening, creates great uncertainty as to what will happen in the future. The situation is changing every day, with more comprehensive sanctions being implemented. Therefore, in future research it would be important to have this in mind, as this will also affect how the business relationships end, and how the dissolution process turns out.

The revised framework presented in chapter 6 can also be used for future research. The framework can be adapted to other industries, and to firms in business relationships in other countries, which can be used to analyze how business relationships are affected by international risks.

References

- Abrahamsen, M. H. & Håkansson, H. (2016). Market policy and destructive network effects. *IMP Journal*, 10(2), 195-220. DOI 10.1108/IMP-09-2015-0052
- Akhtar, I. (2016). Research design. Available at SSRN: <https://dx.doi.org/10.2139/ssrn.2862445>
- Astrov, V., Grieveson, R., Kochnev, A., Landesmann, M. & Pindyuk, O. (2022). *Possible Russian invasion of Ukraine, scenarios for sanction, and likely economic impact on Russia, Ukraine and the EU* (No. 55). Policy Notes and Reports.
- Bondeli, J. V., Havenvind, M. I. & Solli-Sæther, H. (2021). Towards understanding the role of social capital for value creation in business relationships: The case of Russia. *Bidrag innen kundeverdi og marked: Festskrift til Øyvind Helgesen*, 194-216. <https://doi.org/10.18261/9788215055596-2021-10>
- Cantillon, S., & Håkansson, H. (2009). Behind the fish market façade. *The IMP Journal*, 3(1), 50-74. DOI 10.1.1.655.3511
- Carter, N., Bryant-Lukosius, D., DiCenso, A., Blythe, B. & Neville, A.J. (2014). The Use of Triangulation in Qualitative Research. *Oncology Nursing Forum*, 41(5). 545-547. 10.1188/14.ONF.545-547.
- Christie, E. H. (2016). The Design and Impact of Western Economic Sanctions against Russia. *The RUSI Journal*, 161(3), 52-64. <https://doi.org/10.1080/03071847.2016.1193359>
- Davis, L. E. & North, D. C. (1971). *Institutional Change and American Economic Growth*. Cambridge University Press.
- Deuber, G., Rochlitz, M., Evans, J. & Zakharova, D. (2022). Sanctions against Russia/Russia's War in Ukraine on Social Media. *Russian Analytical Digest (RAD)*, 280. <https://doi.org/10.3929/ethz-b-000538061>
- Doornich, J. B., & Raspotnik, A. (2020). Economic Sanctions Disruption on International Trade Patterns and Global Trade Dynamics: Analyzing the Effects of the European Union's Sanctions on Russia. *Journal of East-West Business*, 26(4), 344-364. <https://doi.org/10.1080/10669868.2020.1830912>
- Dubois, A. & Gadde, L. E. (2002). Systematic combining: an abductive approach to case research. *Journal of Business Research*, 55(7), 553-560. [https://doi.org/10.1016/S0148-2963\(00\)00195-8](https://doi.org/10.1016/S0148-2963(00)00195-8)
- Dubois, A. & Gadde, L. E. (2014). "Systematic combining" – A decade later. *Journal of Business Research*, 67(6), 1277-1284. <https://doi.org/10.1016/j.jbusres.2013.03.036>
- Eriksson, P., & Kovalainen, A. (2011). *Qualitative methods in business research*. SAGE Publications Ltd. <https://dx.doi.org/10.4135/9780857028044>
- Fey, C. F. & Shekshnia, S. (2008). *The Key Commandments for Doing Business in Russia*. (No. 2008/16/EFE). INSEAD. <http://dx.doi.org/10.2139/ssrn.1116663>

- Halinen, A. & Törnroos, J. Å. (2005). Using case methods in the study of contemporary business networks. *Journal of business research*, 58(9), 1285-1297.
<https://doi.org/10.1016/j.jbusres.2004.02.001>
- Hanappi, H. (2022). *Russia. The Background of the Russian Invasion of Ukraine*. MPRA.
[https://legacy.econ.tuwien.ac.at/hanappi/Papers/MPRA_paper_112394-\(Russia\).pdf](https://legacy.econ.tuwien.ac.at/hanappi/Papers/MPRA_paper_112394-(Russia).pdf)
- Humphreys, R. & Paeglkalna, L. (2022). *Collective Responsibility: Widening the Target for Sanctions Arising from the Russian Invasion of Ukraine*. SSRN.
<http://dx.doi.org/10.2139/ssrn.4060962>
- Håkansson, H. (1982). *International Marketing and Purchasing of Industrial Goods. An Interaction Approach*. John Wiley & Sons.
- Håkansson, H. & Snehota, I. (1995). *Developing Relationships in Business Networks*. Routledge.
- Håkansson, H., & Waluszewski, A. (2013). A never ending story - Interaction patterns and economic development. *Industrial Marketing Management*, 42(3), 443-454.
<https://doi.org/10.1016/j.indmarman.2013.02.010>
- Ivanova-Gongne, M., Koporcić, N., Dziubaniuk, O., & Mandják, T. (2018). Collecting rich qualitative data on business relationships and networks in CEE countries: Challenges and plausible solutions. *Industrial Marketing Management*, 70, 193-204.
<https://doi.org/10.1016/j.indmarman.2017.07.007>
- Johanson, M., Kushch, S. & Silver, L. (2008). Buyer-Seller Relationships in Transition: The Changing Business Environment in Russia. *Journal of East-West Business*, 6(1), 35-56. https://doi.org/10.1300/J097v06n01_03
- Kallio, H., Pietilä, A. M., Johnson, M., & Kangasniemi, M. (2016). Systematic methodological review: developing a framework for a qualitative semi-structured interview guide. *Journal of advanced nursing*, 72(12), 2954-2965.
<https://doi.org/10.1111/jan.13031>
- Laine, I. & Galkina, T. (2016). The interplay of effectuation and causation in decision making: Russian SMEs under institutional uncertainty. *Int Entrep Manag*, 13, 905-941. <https://doi.org/10.1007/s11365-016-0423-6>
- Medinskaya, O., Randau, H. R. & Altmann, C. (2021). *Russia Business*. Springer International Publishing.
- Miles, M. B., Huberman, A. M. & Saldana, J. (2014) *Qualitative Data Analysis: A Methods Sourcebook* (3rd ed.). SAGE Publications, Inc.
- Nelson, R. M. (2015). *US sanctions on Russia: Economic implications*. Washington, DC: Congressional Research Service.
<http://mepoforum.sk/wp-content/uploads/2015/03/R43895.pdf>
- NHO (2022). *Økonomisk overblikk 1/2022 – Krigen I Ukraina og norsk næringsliv*. [Economic overview 1/2022 – The war in Ukraine and Norwegian business]. (1/2022).
<https://www.nho.no/siteassets/publikasjoner/kvartdalsrapporter/2022/oo-1-22-krigen-i-ukraina.pdf>

- Noor, K. B. (2008). Case Study: A Strategic Research Methodology. *American Journal of Applied Sciences*, 5(11), 1602-1604. 10.3844/ajassp.2008.1602.1604.
- North, D. C. (1991). Institutions. *Journal of Economic Perspectives*, 5(1), 97-112.
DOI: 10.1257/jep.5.1.97
- Owen-Smith, J. & Powell, W. W. (2008). Networks and Institutions. In R. Greenwood, C. Oliver, R. Suddaby & K. Sahlin-Andersson (Eds.), *The SAGE Handbook of Organizational Institutionalism* (pp. 596-623). SAGE Publications.
- Palic, M., Vignali, C., Hallier, B., Stanton, J. L., Radder, L. (2016). Research Methodology. *International Journal of Sales, Retailing & Marketing*, 4(9).
<https://www.circleinternational.co.uk/wp-content/uploads/2021/01/IJSRM4-9.pdf>
- Parker, C., Scott, S. & Geddes, A. (2019). Snowball Sampling. In P. Atkinson, S. Delamont, A. Cernat, J.W. Sakshaug, & R.A. Williams (Eds.), *SAGE Research Methods Foundations*. <https://dx.doi.org/10.4135/9781526421036831710>
- Peng, M. W. (2002). Towards an Institution-Based View of Business Strategy. *Asia Pacific Journal of Management* 19, 251–267. <https://doi.org/10.1023/A:1016291702714>
- Peng, M. W., Wang, D. Y. & Jiang, Y. (2008). An institution-based view of international business strategy: a focus on emerging economies. *Journal of International Business Studies*, 39, 920-936. doi:10.1057/palgrave.jibs.8400377
- Puffer, S. M. & McCarthy D. J. (2007). Can Russia's state-managed, network capitalism be competitive? Institutional pull versus institutional push. *Journal of World Business*, 42,1-13. doi:10.1016/j.jwb.2006.08.008
- Puffer, S. M. & McCarthy, D.J. (2011). Two Decades of Russian Business and Management Research: An Institutional Theory Perspective. *Academy of Management Perspectives*, 25(2), 21-36. <https://www.jstor.org/stable/23045063?seq=1>
- Rabianski, J. S. (2003). Primary and secondary data: Concepts, concerns, errors and issues. *The Appraisal Journal*, 71(1), 43-55. <https://doi.org/info:doi/>
- Rutland, P. (2014). The impact of sanctions on Russia. *Russian Analytical Digest*, 157(1), 1-8.
https://www.files.ethz.ch/isn/186842/Russian_Analytical_Digest_157.pdf
- Saunders, M., Lewis, P. & Thornhill, A. (2009). *Research Methods for Business Students*. Pearson Education.
- Scott, J. & Marshall, G. (2015). *A dictionary of Sociology* (3rd ed.). Oxford.
- Tähtinen, J. (2002) The Process of Business Relationship Ending – Its Stages and Actors. *Journal of Market-Focused Management*, 5(4), 331-353.
DOI: 10.1023/B:JMFM.0000008073.86880.6d
- Tidström, A. & Åhman, S. (2006) The process of ending inter-organizational cooperation. *Journal of Business & Industrial Marketing*, 21(5), 281-290.
DOI 10.1108/08858620610681588
- Vissak, T. (2010). Recommendations for Using the Case Study Method in International Business Research. *Qualitative Report*, 15(2). 10.46743/2160-3715/2010.1156.











- Welch, C. & Wilkinson, I. (2004). The political embeddedness of international business networks. *International Marketing Review*, 21(2), 216-231.
<https://doi.org/10.1108/02651330410531411>
- Williams, C. (2007). Research Methods. *Journal of Business & Economics Research (JBER)*, 5(3). <https://doi.org/10.19030/jber.v5i3.2532>
- Yin, R. K. (2015). *Case Study Research: Design and Methods* (5th ed.) SAGE Publication, Inc.
- Yin, R. K. (2011). *Qualitative Research from Start to Finish*. The Guilford Press.
- Åslund, A. & Snegovaya, M. (2021) *The impact of Western sanctions on Russia and how they can be made even more effective*. Atlantic Council.
<https://www.atlanticcouncil.org/wp-content/uploads/2021/05/The-impact-of-Western-sanctions-on-Russia-and-how-they-can-be-made-even-more-effective-5.2.pdf>

Appendix

Appendix 1 – An excerpt from the list of foreign companies’ actions with regards to new economic sanctions (Deuber et al., 2022).

How the 50 Biggest Foreign Companies in Russia Are Reacting to International Sanctions

Table 1: How the 50 Biggest Foreign Companies in Russia Are Reacting to International Sanctions (as of 15 March 2022)

Company name (country)	Business sector	Earnings 2020 (Euro)	Plan for business in Russia (date of announcement)		Source
Philip Morris International (USA)	Tobacco	4.33 bn.	Partial closure / withdrawal (09 March 2022)		https://www.pmi.com/media-center/press-releases/press-details/?newsId=24966
Leroy Merlin (France)	Trade	4.18 bn.	Continuation (02 March 2022)		https://tass.com/economy/1415495
Volkswagen Group (Germany)	Car industry	3.85 bn.	Closure / withdrawal (03 March 2022)		https://www.volkswagenag.com/en/news/2022/03/volkswagen-stops-production-of-vehicles-in-russia-and-suspends-e.html
Japan Tobacco International (Switzerland)	Tobacco	3.76 bn.	Continuation (10 March 2022)		https://www.jti.com/jti-suspends-investments-russia-and-continues-prioritize-safety-its-employees-and-their-families
Groupe Renault (France)	Car industry	3.73 bn.	Partial closure / withdrawal (25.02.2022)		https://tass.ru/ekonomika/13860687
Groupe Auchan (France)	Trade	3.30 bn.	Continuation (10 March 2022)		https://www.kommersant.ru/doc/5251119
Apple (USA)	Consumer electronics	3.21 bn.	Closure / withdrawal (01 March 2022)		https://eu.usatoday.com/story/tech/2022/03/01/apple-russia-sanctions-ukraine/6983755001/
Toyota Motor (Japan)	Car industry	3.18 bn.	Closure / withdrawal (03 March 2022)		https://global.toyota/en/newsroom/corporate/36979255.html
Samsung Electronics (South Korea)	Consumer electronics	2.96 bn.	Partial closure / withdrawal (05 March 2022)		http://www.koreaherald.com/view.php?ud=20220306000101
IKEA (Netherlands)	Trade	2.96 bn.	Closure / withdrawal (03 March 2022)		https://about.ikea.com/en/newsroom/2022/03/03/ikea-pauses-operations-in-russia-and-belarus
Metro Group (Germany)	Trade	2.78 bn.	Continuation (11 March 2022)		https://newsroom.metroag.de/news/2022/03/11/statement-zum-krieg-in-der-ukraine
KIA Motors (South Korea)	Car industry	2.67 bn.	No statement found		
PepsiCo (USA)	Food	2.62 bn.	Partial closure / withdrawal (08 March 2022)		https://www.pepsico.com/news/press-release/pepsico-suspends-production-and-sale-of-pepsi-cola-and-other-global-beverage-brands-in-russia
British American Tobacco (UK)	Tobacco	2.37 bn.	Partial closure / withdrawal (09 March 2022); withdrawal and sale (11 March 2022)	 	https://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOCCGBH ; https://www.bat.com/group/sites/UK_9D9KCY.nsf/vwPagesWebLive/DOCCEK9
Daimler (Germany)	Car industry	2.31 bn.	Closure / withdrawal (03 March 2022)		https://www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-03-03/card/mercedes-benz-to-halt-exports-to-russia-XTjNaEX7POOKUUNE7Q8d
Nestlé (Switzerland)	Food	2.25 bn.	Continuation (09 March 2022)		https://www.nestle.com/ask-nestle/our-company/answers/update-russia-ukraine
BMW Group (Germany)	Car industry	2.17 bn.	Closure / withdrawal (01 March 2022)		https://www.wsj.com/livecoverage/russia-ukraine-latest-news-2022-03-01/card/bmw-halts-production-in-russia-and-stops-exports-to-the-country-T36AO5SxgtXwEfxJBsZ8

Continued overleaf

Appendix 2 – Questions from the Interview Guide

Interview Guide for Norwegian firms - Topics and Questions

Starting comment: Start the interview with the more open-ended questions where the participant is able to answer widely and freely. Bring up a couple extra questions or additional theory if the answers are out of scope, in order to develop a good flow throughout the interaction.

Background

- Can you tell me briefly about your company? What is your primary business?
- What is your job position in the firm?
- How do you proceed when doing business abroad? Can you tell me about the strategies your company uses in these situations?
- What type of business does your company do in Russia?
- What kind of firms do you have business relationships with in Russia?
- How stable are these relationships?

Interaction/relationships (The ARA-model)

Actor bonds

- How long have you had your Russian business partners? How did the relationship develop? How do you choose your business partner in Russia?
- What kind of adaptations (if any) have you done to your Russian business partners?
- How dependent are you on your business relationships in Russia?
- How committed are your firms to each other?
- Do you feel like it is possible to easily trust your Russian business connections?
- Can your company's relationships with Russian business connections be described by these factors? Trust, mutual understanding, learning and a cooperative atmosphere.

Activity Links

- What kind of business interaction does your firm have with the Russian business partners?
- How often does your firm interact with the Russian firms you have business relationships with?
- What measures are you making in order to have an efficient business interaction with your Russian business partners?

Resource ties

- What kind of resources does your firm use when making a business deal with these Russian partners? (Technology, materials, knowledge)
- Do you get access to important resources through your Russian business partners? If so, which resources?
- Do you adapt your resources to the needs of your Russian business partners? How does that process work?

Other questions related to business relationships

- What are your ambitions when creating business relationships with Russian business partners?
- Do your ambitions differ from the ambitions of your Russian business partners?
- What are the challenges of interacting with Russian business partners?

Institutional conditions

- What are the main challenges your company encounter when doing business in Russia?
- How would you describe the Russian business environment?

Formal institutions:

- Which economic sanctions placed on Russia has had an impact on your business in the country?
- What is your firms' biggest challenges with regards to these sanctions?
- Are there any specific rules and regulations in Russia affecting your business relationships?
- Are the Russian authorities supportive of your business relationship? Or are there any bureaucratic barriers negatively impacting the relationships?
- Have you experienced any changes or uncertainties in the Russian business environment, created by the government, that have affected you during the time you have been active in the country?

- How does the political instability in Russia affect your business relationships in the country?
- In what way are your business relationships with Russian partners affected by the economic conditions in the country?

Informal institutions:

- Are there any specific “norms of behavior” you need to consider when interacting with Russian business partners?
- What is the role of informal personal networks in business in Russia?
- Are there any other factors such as traditions or moral values affecting your business relationships in Russia?
- Have you encountered any issues or challenges connected to corruption or bribery in Russia?

The situation today

- Have you experienced negative impacts on your firm and business relationships with Russian partners due to the recent invasion of Ukraine?
- How will you be affected by the recently imposed sanctions on Russia?
- Is there a possibility that you will lose all contact with your Russian business partners due to the current situation? If so, what are the main consequences of this?
- How do you interact with your Russian business partners through this crisis? How is the interaction affected?

End comments and questions

What is your company doing to overcome the challenges you are facing?

Do you have any additional information that you think might be relevant to my research?

Do you know other companies that experience the same challenges as you when it comes to business and trade in Russia?

