

**A QUALITATIVE CROSS-CULTURAL ASSESSMENT OF THE RECOGNITION
AND PURSUIT OF EBUSINESS OPPORTUNITIES IN RUSSIA AND SWEDEN**

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ABSTRACT

The global potential of the web has opened a broad Kirznerian opportunity space for entrepreneurial activity, offering researchers a natural experiment to study cross-national patterns of entrepreneurship. In this paper we contrast the response of companies to the eBusiness opportunity space in Russia and Sweden, focusing on some cultural dynamics which may explain differences in the type of eBusiness opportunities recognized and pursued. The paper analyses qualitative data collected in interviews of 52 companies in both Russia and Sweden. The findings suggest that the strongest differences are found in Swede's longer time orientation compared to Russian's which affects which eBusiness opportunities are recognized, attitudes towards uncertainty and how they affect how opportunities are pursued (Russians being better able than Swedes to deal with uncertainty), and how trust is created through relationships in economic groups (Russia) versus relying on rule of law (Sweden). We also explore the cultural values implicit in how barriers to pursuing B2B opportunities are explained. These dimensions seems to create a preference for emergent strategies and fast pay-backs in Russia, while Swedes prefer planned strategies and have a strong long-term investment orientation. In general, this study shows that national culture affects which types of eBusiness opportunities are recognized and pursued

Keywords: Cross-cultural, entrepreneurship, corporate entrepreneurship, opportunity recognition, eBusiness

INTRODUCTION

The speedy rise and diffusion of eBusiness throughout the world provides a unique natural experiment allowing researchers to explore the emergence of entrepreneurial activity in different national cultural contexts. Although the recent stock market crash has taken some shine out of the 'new economy' rhetoric, most people still agree that the internet has changed the way business is being and will be conducted. A greater understanding of the spread and dynamics of eBusiness adoption is warranted especially since little management research has focused on eBusiness to date. As the world wide web has changed the competitive landscape, entrepreneurial actors have invented, innovated and imitated one another in creating eBusiness opportunities and ventures. The internet has changed the competitive landscape around the world creating a broad Kirznerian opportunity space in which alert entrepreneurs, acting independently or within existing companies, discover opportunities for new venturing (Kirzner, 1997).

In this study we investigate the entrepreneurial responses to the eBusiness opportunity space in Sweden and Russia. The two countries provide interesting contrasts of transforming versus developed economies and significantly different cultures. At the same time, businesses in both countries have access to the internet technologies and educated labor pools. In this paper, we focus on the national cultural factors that influence the type of internet opportunities recognized and the process by which opportunities are selected and pursued. In other words, this paper investigates how national culture affects the perception of eBusiness opportunities. National culture has been shown to be an important force in business (Adler, 1997) and thus it should come as no surprise that national culture affects the type of eBusiness opportunities which are perceived and pursued. For example, research has demonstrated that when countries are compared on a national cultural dimension, differences on national cultural dimensions are related to differences on key managerial variables (Earley & Sing, 1995). In taking the above-mentioned approach, we are using a definition of entrepreneurship which focuses on the recognition and pursuit of opportunities (Stephenson & Jarillo, 1990), rather than emphasizing the individual actors. The empirical setting for this paper is 29 Russian firms and 23 Swedish firms pursuing eBusiness. Both dot.com and brick and mortar firms are included in the sample.

BACKGROUND AND RESEARCH QUESTIONS

Busenitz and Lau (1996) suggest that culture should affect the cognition and intentions of entrepreneurs. If, as their model suggests, the effect of culture is evidenced through entrepreneurial cognition, we can expect that culture would affect both the likelihood that opportunities are recognized and the type recognized. Baum, Olian, Erez, and Schnell (1993), focusing the motivation to become an entrepreneur, relate national culture to work behaviour through the process of cultural self-representation in their study of Israeli and American entrepreneurs and managers. Their argument provides a theoretical rationale for the idea that different cultural contexts may result in different styles of entrepreneurship. Busenitz, Gomez and Spencer complement this perspective, when they observe that different countries may value different aspects of entrepreneurial activity (2000, p. 996).

Empirical studies also suggest that there are relationships between general cultural values (often studied using Hofstede's measures) and some entrepreneurial dimensions or activities. For example, Shane (1992a, 1992b, 1993, 1994; see also Shane Kolvereid & Westhead, 1991) conducted a series of studies, linking patterns of entrepreneurial activity or behaviour preferences to a number of Hofstede's cultural value dimensions. For example, Shane (1993) found a correlation between rates of innovation and three of Hofstede's dimensions, particularly uncertainty acceptance. Shane (1994) found preferred innovation championing behaviour differed between countries, reflecting cultural values for collectivism, uncertainty avoidance and power distance. These studies established the value of looking at patterns of entrepreneurial activity from the perspective of shared cultural values. At the same time, however, McGrath and MacMillan (1992) and McGrath, MacMillan and Scheinberg (1992) used Hofstede's measures at an individual level of analysis, showing that difference in values between entrepreneurs and non-entrepreneurs within a country may be stronger than differences between countries, raising questions about the validity of relating country means of cultural values to entrepreneurial activity, as the individuals engaged in those activities may be entrepreneurial precisely because they are 'outsiders' within their culture.

In many early studies of entrepreneurship and culture, a theoretical explanation of the correlations between Hofstede's cultural values and specific entrepreneurial activities often

remains elusive, suggesting a need to complement such studies with other approaches and other theoretical frameworks. Lindh de Montoya (2000) explores the way an entrepreneur finds opportunities for trade by being embedded in a local culture in the Venezuelan Andes, taking an anthropological approach in both method and theory. Her exploration of the issues of risk and trust, and the use of other people's money to accumulate capital are particularly interesting. Thomas and Mueller (2000) challenge cross-cultural comparisons, by demonstrating a systematic variation in entrepreneurial characteristics across cultures. Busenitz, Gomez and Spencer (2000) created a domain-specific instrument to measure the context for entrepreneurial activity. Avoiding the term culture, they discuss three dimensions of country institutional profiles for entrepreneurship, regulatory, cognitive, and normative, (the normative dimension measures the value placed on entrepreneurial activity and outcomes), based on Kostova. They provide both multi-dimensional quantitative cultural measures and a means to integrate the influence of economic and geo-political factors with cultural values. This is in keeping with the work of Inglehart (Granato, Inglehart, & Leblang, 1996; Inglehart, 1990) who showed that both cultural values and economic factors determine economic growth. These diverse studies inspire our cross-country comparisons. They also raise many questions. Opportunity recognition is an important aspect of entrepreneurship and how national culture affects opportunity recognition is a topic that has received little attention. As a result, we arrive at the following research question:

Research Question 1: How does cultural context affect the way eBusiness opportunities are recognized and pursued?

This paper uses a methodology similar to the qualitative assessment of culture and IT adoption conducted by Hill, Lock, Straub, and El-Sheshai (1998). In the context of studying the adoption of information systems in the Arab world, they found strong support for using cultural values to explain successes and failures observed in the adoption process and the attitudes of Arab employees in five different Middle Eastern countries. One interesting finding, for example, was that loyalty to the employees' unit (e.g. the warehouse workers) was more important than company loyalty, often leading to falsifying data input into the

larger organization's system, and they were able to link this type of loyalty to cultural values of loyalty to the family rather than larger geo-political units or rule of law. Their model suggests both barriers and openness to technology adoption are affected by culture.

Similarly, we expect that individuals are influenced by their culture as they learn about the internet and experience business models on the internet (for example, through surfing web sites). Thus, they may or may not perceive opportunities to improve the processes of their current business or to introduce new products and services using eBusiness. Barriers to opportunity recognition may emphasize a conservative view of customers or a lack of resources. To understand the relationship between culture and entrepreneurship, it is valuable to consider the perspective of both opportunities and barriers.

Research Question 2: How does cultural context affect the way barriers to opportunities are perceived?

The empirical setting in which we investigate the two above research questions is the relatively new and important, but little researched, area of the eBusiness opportunity space. Through an extensive field study, using semi-structured interviews of key managers, we explored the practices of both pure dot.com and traditional brick and mortar companies in adopting new eBusiness solutions to diverse parts of their business processes. Typically cross-cultural studies in management show how cultural values differ from country to country to explore the implications of those values for business practices. We follow that approach, while acknowledging that many differences in eBusiness opportunities may also be explained by financial and institutional factors. This study is part of a larger study exploring the dynamics of eBusiness strategies and practice in Sweden and Russia, with the goal of understanding cultural, economic and organizational influences.

This paper is organized as follows. We begin with a description of the study's research methodology. We then provide some detailed background information, which serves to underline the differences between Russia and Sweden, followed by an overview of the eBusiness practices we observed in our sample. The core of the paper follows--a qualitative assessment of the impact of cultural values on the perception and implementation of

eBusiness opportunities in Russia and Sweden. In the discussion we explore the importance of the time orientation, the role of trust, and the reasons for perceived barriers to implementing B2B opportunities. We conclude the paper with a brief discussion calling for further exploration of these themes.

CULTURE

We define culture as the set of values and resulting practices, concerning relationships among people and the world around them, that is shared by an identifiable group of people. In our case, we are interested in national culture and thus the identifiable group of people is those people that make up a nation—Russia or Sweden.

Cultures are very complex and difficult to study. Many researchers, in part due to their great convenience, have limited their analysis to representing culture by several dimensions. Such work is typified by the important work of scholars like Hofstede (1980) who represents culture using the dimensions of individualism, uncertainty avoidance, masculinity, power distance, and more recently with long-term orientation (Hofstede and Bond, 1988). Trompenaars (1993) developed a similar framework comprised of seven dimensions including relationships versus rules, group versus individual, the role of feelings in relationships, degree of involvement, role versus achievement, time orientation, and relationship with nature. Maznevski, Distefano, Gomez, Norderhaven, and Wu (1999) introduce an approach to national culture based on Kluckhohn and Strodtbeck's (1961) anthropological work. This approach posits six cultural orientations, each one with specific non-dichotomous variations. The cultural orientations are: relationship (individualism, collectivism, and hierarchy), environment (mastery, harmony, and subjugation), activity (doing, being, thinking), human nature (fundamental good and/or evil, changeable), time (past, present, and future) and space (public and private).

These studies have made important contributions to culture research, however, we believe that in the case of our inductive exploratory research a more holistic view of culture is optimal. Representing a culture by four to seven dimensions results in inevitable simplifications. As Osland and Bird (2000: 69) argue, "Bipolar patterns make cultural behavior appear paradoxical because cultural dimensions are often framed, perhaps

inaccurately, as dualistic, either-or continua.” Thus, following Lindh de Montoya (2000), Busenitz, Gomez and Spencer (2000), Stewart (1990) and others, in our research we have tried to keep an open mind and look at all aspects of culture which might affect eBusiness opportunity recognition-of course being sure to keep Hofstede (1984) and Trompenaars’ (1993) dimensions in of culture in mind-but not limiting ourselves only to an analysis of these dimensions.

Recently, a broader anthropological approach to the study of culture has been gaining popularity in management research. Such an approach sees culture as a “complex of meanings that makes action comprehensible, an open-ended process of communication which shapes development in economics, politics and social institutions, and is, in turn, shaped by them.” (Lavoie, 1991, cited in Lindh de Montoya, 2000). Romani (2000) provides a detailed discussion of the evolution of “culture” as an anthropological construct, and demonstrates that a pure values-driven analysis does not do justice to the complex interconnections between values, institutions and history. The integration of social and cultural context is also apparent in Stewart’s discussion of the anthropology of entrepreneurship (1991). This approach is implicit in the qualitative analysis of Hill, Loch, Straub, and El-Sheshai (1998). The broader perspective encouraged us to explore the cultural values affecting Russian and Swedish perception of eBusiness opportunities, while recognizing the role the institutions and economic history in shaping, changing and perpetuating those values. Russia in particular is going through significant changes which we expect will impact the values of their culture in the long-term. Interestingly, the current debate on culture as a concept among anthropologists includes a recognition that the shared, stable cultural meanings that form the focus on most studies, has neglected the dynamics of how cultures change (see, for example, Brumann, 1999 and Aunger, 1999). This debate has not yet reached cross-cultural management research. Our discussion of findings must thus include more than a strict reflection on the impact of general cultural values on the specific entrepreneurial perspectives and decisions of local businesses in each country.

METHODOLOGY

The field study explores the extent to which national culture affects which

entrepreneurial activity, or specifically the way eBusiness opportunities are recognized and pursued. We visited a total of 52 Russian and Swedish companies, and conducted semi-structured interviews to explore each company's use of eBusiness strategies. Within each country, a spectrum of companies was selected for the study to include a broad range of perspectives. Given the lack of empirical data on this topic within Sweden and especially Russia, we deemed it essential to include a full range of companies, from those with few web activities through to those with highly sophisticated eBusiness systems. The companies included both traditional brick and mortar and dot.com companies and companies in operating in both the B2B and B2C segments. In Russia, the companies tended to be smaller and younger, due to the recency of the market economy emerging in Russia and the fact that larger firms appeared to have little interest (or potentially capability) to explore the opportunities eBusiness provided. In Sweden a somewhat wider range of firm sizes, ages and degree of internationalization were included, reflecting the general profile of the Swedish economy. The interviews and analysis followed principles laid down by Eisenhardt (1989, 1991) and Yin (1984).

Sampling

Sweden and Russia were selected for their arguably different national cultures. In addition to cultural differences, Sweden and Russia possess obvious institutional and economic differences which are relevant. For example, whereas Sweden represents a developed country and global communications leader in both fixed-line and wireless applications, Russia, represents an emerging market with a comparatively low level of communications infrastructure development, among other things.

Companies were drawn from the most developed commercial centers in each country—Moscow and St. Petersburg in Russia, and Stockholm and Gothenburg in Sweden. This decision was motivated by the assumption that Internet penetration, investment and corporate diversity are often highest in such centers (particularly in Russia). A more detailed discussion of Sweden and Russia follows the methodology section.

In developing our sample, our goal was to select companies from a wide range of industries to obtain a broad understanding of how eBusiness was being used in Russian and

Sweden. To facilitate comparison, when possible, we tried to include companies from similar industries in both countries. The selection process began in Russia, primarily because there were fewer firms using electronic business applications there. Companies in similar industries were then selected in Sweden to facilitate comparison. Effort was made to ensure that both dot.coms and brick and mortar firms were represented in the sample.

In addition to the goal of sampling a diverse range of companies in both countries, all companies had to be using the Internet to some extent to be eligible for selection. In fact, one or more of the following phases was used to describe the level of Internet involvement for each company (eMarketer 2000):

1. The Internet is used solely for research purposes;
2. The Internet is used to interactively engage customers and suppliers;
3. Sales are conducted over the Internet;
4. The Internet is integrated into every facet of business.

Research Process

Semi-structured, in-depth interviews were held with general managers, marketing directors or technical directors in sample companies for the purpose of gaining insight in to the unique business practices and strategies within each. A multinational team of researchers from the Stockholm School of Economics and the Stockholm School of Economics in Saint Petersburg administered the interviews over a six-month period (September 2000 – February 2001). Interviews were held with 29 companies in Russia (15 in Moscow and 14 in St. Petersburg) and 23 companies in Sweden (17 in Stockholm and 6 in Gothenburg). Most interviews included researchers from both countries. (See Tables 1a and 1b for a table of firm attributes.) Interviews in Russia were conducted in either Russian or English, depending upon the preference of the respondent. (In instances where an interview was held in Russian, questions and responses were most often translated simultaneously into English.) All interviews in Sweden were conducted in English, thanks to the fluency of all interview participants. In most cases at least two interviewers were present and taking notes. A recording device was not used in any of the interviews, as Russian managers generally refuse to allow recording and it was deemed preferable to use a common process in both countries.

– Tables 1a and 1b about here –

Each interviewer took independent notes at the interview to increase accuracy of the information obtained from the interview. Within 24 hours of completing the interview, a transcript was written by one researcher and passed on to all members of the research team present at the time of the interview for comments. Comments and revisions were then incorporated into each transcript and any discrepancies in researchers' perceptions were resolved. The purpose of this process was to compensate for the lack of tape recorded data. Following the completion of all interviews in a sample, transcripts were then coded and analyzed, in part, by at least two researchers. In cases where differences emerged (which were few), the research team discussed the issue until consensus was reached. Because participating firms required differing levels of confidentiality agreements, this paper uses disguised names for all participating firms.

BACKGROUND: COMPARING RUSSIA AND SWEDEN

Before discussing cultural dimensions of eBusiness usage in Russia and Sweden, we begin with an overview of the more general context. In size, wealth, infrastructure, and international orientation, Russia and Sweden provide strong contrasts. (See Tables 2 and 3 for details.) Despite the strong socialist political tradition in Sweden, there is also a complementary industrial tradition of support for large multinational companies and small business. Russia, slowly emerging from decades of socialist centralized planning, has only recently developed private enterprises. From the perspective of the internet revolution defined by Glimstedt and Zander as “the massive implementation and use of a set of technologies and communication protocols in the early 1990s” (2001), Russia lags far behind Sweden.

– Tables 2 and 3 about here –

The Internet boom began in Sweden in the late 1990s. Although venture capital for Swedish dot-coms grew tremendously between 1995 and 1999, it has since then declined due to the poor performance of some companies on the stock market. Nevertheless, today more

than 900 Internet companies operate in Stockholm, second only to American cities. In 1999, new companies in Sweden were most likely to focus on wireless technologies, software development, consulting, hardware design, and content provision (Glimstedt & Zander, 2001).

Sweden's success in the eBusiness area can be attributed to a positive mentality towards the Internet, government commitment to eBusiness, considerable investments in IT, a competitive communications network, and a high level of English language competence. As Glimstedt and Zander (2001) write, "it is hard to imagine better preconditions for being an early adopter of the Internet than the ones existing in Sweden." Sweden's government initiated a number of programs directed at increasing access to and use of the internet, beginning in the mid-1990s. For example, employees may buy PCs through their companies at wholesale (and often tax-free) rates, which has resulted in a very high level of personal PC ownership and use of internet from the home. The government is also pushing broadband installations, typically through fiber optic technology, in both urban and rural settings throughout the country. This commitment to building infrastructure has affected both individuals' use of the Internet for private and business purposes, and provided reasonably priced access to the Internet for small businesses. In our interviews, more than one CEO or entrepreneur noted that this commitment and foundation meant that adoption of new web-based solutions in business processes was less problematic.

While not at the level present in Sweden, eBusiness has also clearly arrived in Russia. According to Scott Blacklin, former President of the American Chamber of Commerce in Moscow, although "...Russia is not exactly at the forefront of the eBusiness revolution ... the Internet has found a foothold in Russia, with business and individual use becoming more popular each year. As Internet infrastructure and usage grow, eBusiness can be sure to follow" (Dembeck, 2000). The Internet boom in Russia, like in Sweden, began in the late 1990s especially just after the 1998 financial crisis when companies were looking for new ways to become more efficient.

In 2000 eCommerce in Russia generated approximately 0.2 billion USD compared to 2.5 billion USD in Sweden (eMarketer, 2000). Between early 1999 and the summer of 2000 the total number of Russian online shops increased from 50 to over 400 (Brunswick Warburg,

2000). According to Brunswick Warburg (2001), however, only half these sites remained active in 2001 and even fewer generate monthly revenues greater than 5000 USD. This finding is due in part to the fact that the quality of most online shops in Russia is low. For this reason, the short-term goal of the industry must be to improve the functionality of sites and ease of use, while providing advertising support (Brunswick Warburg 2000). The middle-to-long term goal will be to enhance “off-line infrastructure”.

The lack of infrastructure in Russia has created problems for internet development in Russia. The Russian postal system is not very reliable and few Russians have credit cards which together cause problems for traditional delivery and payment modes for eCommerce. Further, it has been estimated that only 2.5 % of the population has access to the Internet (3.5 million people) (BISNIS, 2001) and access is concentrated in commercial centers like Saint Petersburg and Moscow wherein fixed line density is the highest (telephone density per 100 residents in cities and towns is 21%, and 9.6% in rural areas). Most Russians who do have access to the internet, only have access via a dial-up connection and at work. Dial-up internet access, though relatively low cost under Russia’s flat rate local access telephone rates, does reduce the bandwidth. Access, in turn, is highly dependent on the quality of telephone lines and quality often differs not only from region to region, but from area to area within major centres like Moscow and St. Petersburg. And, although a number of telecom providers exist, the market is dominated by a handful of holding companies, which own the majority of small-to-medium sized operators. It is, however, encouraging that the internet service provider market is quite fragmented in Russia which spurs competition.

Another factor limiting widespread use of the internet, is the dominance of English on the web, a language relatively few Russians speak comfortably. The implication is that Russians tend to look mostly at Russian sites, and that Russian businesses rarely consider eBusiness opportunities outside of Russia and C.I.S. Today in Russia (2001), like in Sweden, the Internet is used mainly for information gathering. For more information, see Table 4. Despite the above-mentioned challenges, the development of eCommerce may be more important for Russia than for the smaller or more developed countries. A key problem in Russia is that while one can purchase anything one can get in New York in Moscow or St. Petersburg, few products are available in Russia’s vast regions. Ecommerce can help to solve

this lopsided picture and make products available in the regions.

– Table 4 about here –

OVERVIEW OF EBUSINESS PRACTICES IN THE SWEDISH AND RUSSIAN COMPANIES

To provide readers with an overview of eBusiness practices in our sample, this section briefly summarizes the types of eBusiness practices we observed. The companies can be loosely clustered as traditional manufacturing and services firms (17 in Russia, 12 in Sweden), dot.com firms (8 and 9 respectively), and internet consulting companies (4 and 2 respectively). In the traditional manufacturing firms, we observed a full range of practices. Most common in both Russia and Sweden were web sites giving general information for the public and the use of email for communication. At the other extreme, a few companies had developed quite sophisticated extranets with distributors or suppliers. Interestingly, in Russia it was difficult to find larger firms that used eBusiness.

In Sweden we found many companies struggling with the high costs for technical labor required for implementing eBusiness solutions at a firm. In contrast, low wages in Russia seems to indicate lower costs for installing home pages or web-based systems. Only the banks in both countries had developed significant initiatives in wireless internet—wireless internet was largely perceived as something for the future in both countries.

Among the internet companies, the range of business models included the B2C businesses, B2B, marketplaces and other innovative practices. On-line commerce in the sample included book sales, groceries and entertainment. In the B2B sector, we observed a number of on-line marketplaces. In Sweden, the e-procurement and ‘market’ internet companies tended to focus on a single industry as a niche and hoped for global reach. In Russia, we interviewed a internet marketplace exchange which had a more diversified product range, but limited its geographic scope to Russia. In general, most Russian firms limited their focus to Russia. Among the more innovative business models we observed was S16 Monitor in Sweden, which offered a wireless monitoring device on distant and mobile equipment linked to an internet interface, and R22 Pay Web in Russia, that offered innovative

solutions for on-line payments—something potentially quite important for a country where less than 4% of the people have credit cards (Nazarova & Lakaeva, 2000).

The internet consulting companies offered services to traditional companies trying to go on line. In Sweden, the emphasis seemed to be on creating web sites that were user friendly and sold product. S11 Relate, for example, offered strong web-based customer relationship management services to traditional large companies. In Russia, consulting would also include concern for security and payment systems. The Russian consultants also often seemed connected to a group of companies, within which they seemed to conduct joint projects and most of their business.

A complete listing of the companies is provided in Tables 1a and 1b, showing the type of eBusiness activity and their line of business.

ASSESSMENT OF DIFFERENTIATING CULTURAL DIMENSIONS AND THEIR IMPACT ON ADOPTION OF eBUSINESS

In this section, we discuss three major cultural factors on which Sweden and Russia differ which emerged from our data and appear to affect the eBusiness entrepreneurship opportunities which are pursued. The topics are time orientation, orientation to uncertainty, and trust. Each of these topics illuminates a web of interrelating cultural values which seems to drive the entrepreneurial decision processes, in ways which cannot simply be explained by the business logic of the situations. We then evaluate the cultural values implicit in the perceived barriers to pursuing eBusiness opportunities.

Cultural Time Perspectives and Entrepreneurship Risk Taking Strategies

Looking at the major entrepreneurial eBusiness projects in our sample, we discovered a strong distinction in the time orientation of the Swedish and Russian companies. The interviews with the managers included many discussions of specific projects being pursued by their companies; most companies had only one major project consuming their attention. In the case of the dot.com companies, this project was the reason for launching the business; in the traditional companies, one project seemed to absorb much of the available attention. In Russia, the projects were expected to have a payback within 2 to 6 months, while in Sweden

most projects were viewed as 2 to 5 year investment projects. As the general director of firm R29 Internet a dot.com bookstore said, "In Russia we have to break even within at least six months or people loose interest and we will run out of money. It is not possible for us to run losses for years like in the West." The Russian's comments contrasts with the perspective of S5 Clinical—a firm developing a technology for remote data collection for drug testing. The general director of S5 Clinical indicated that the company's key concern was to develop a good product and get customers. If they managed to do that, profit would come although it would probably take about five years from the time work on the product seriously began.

The assessment that Russians tend to have a shorter-time horizon than Swedes is supported by Trompenaars and Hampden-Turner (1997: p. 128). Further, many culture scholars (e.g., Hofstede & Bond, 1998; Maznevski et al., 1999) have suggested that time orientation is an important dimension of culture. Russians' relatively short time orientation has a profound impact on the type of eBusiness entrepreneurship which they decide to pursue. For example, get-big-fast strategies (growing customer base at the expense of profit), projects with complicated new technologies, or large infrastructure projects are rarely pursued in Russia. The lack of interest in get-big-fast strategies is evidenced in the dot.com book store industry where there are over 30 Russian firms which are active despite the small size of the current market—most firms have fewer than 100 orders/day. In our sample there are four Swedish companies pursuing products which are technologically very complicated, such S18 Integrator which is facilitating a car wireless device and protocol allowing remote connection via wireless internet to a central center to monitor and fix when the car has problems, sell extra house power, etc. Due to the shorter time orientation of Russians, projects similar to this scale and complexity did not find their way into the portfolio of our Russian sample. The shorter time horizon of the Russian ensured that corporate entrepreneurship was oriented to generating profits, rather than absorbing venturing funds. Time orientation does seem to affect the scale and complexity of entrepreneurial ventures pursued in both countries, yet as the following discussion shows, other cultural influences have an equally strong impact.

Attitudes Towards Uncertainty and its Effect on Entrepreneurial Pursuits

Entrepreneurship is often associated with the need to tolerate ambiguity and

uncertainty. In this regard, Russian businesses should have a strong advantage over Swedish, as Russians have developed a very much higher tolerance of uncertainty. The tolerance for uncertainty may be attributed to the situation faced by Russians this century, both under the communist party and since the break-up of the USSR. Russians employ numerous strategies to deal with uncertainty, from using a network of contacts to build trust and obtain reliable information, to keeping projects short-term and flexible so they can be adapted to any changes. In contrast, Swedes have very low tolerance of uncertainty. This value was reflected in the decision by several Swedish managers we interviewed, to delay their web-related investments in the uncertainty following the stock market crash in spring 2000.

Most Swedish managers only considered moving forward with an eBusiness project after significant study. In contrast, most of the Russian managers talked about pursuing eBusiness by learning by doing. They viewed eBusiness as an experiment. To some degree Russians were pursuing Mintzerg's (1990) conception of strategy formulation (logical instrumentalism—strategy emerges based on a series of actions) and Swedes were pursuing Ansoff's (1991) conception of strategy formulation (the design school—a conscious strategy should be developed in advance based on careful planning and then implemented). The activity orientation in Russia seems to be oriented towards doing, rather than thinking (cf. Maznevski et al., 1999). Our Russian interviewees often spoke of how a project was initiated, developed and changed while they were active. They also seemed willing to explore their options by experimenting – actually doing something as a way of exploring the opportunities. R11 Protect, for example, linked to the internet in 1995 and was quickly intrigued with the home pages of other companies and potential competitors. Their reaction was curiosity, and they decided to start their own home page in Russian and English, without any clear idea of what or how the home page would affect the business. They launched the web page, and eventually, because of customer contacts initiated through the web page (often from the other side of the globe—Latin America seemed to have special interest in protective clothing having similar needs to Russia), developed an export business for their protective clothing.

In a strong contrast to the Russian experimental approach, the Swedish interviewees discussed the planning and budget process that preceded their project launch. S1 Ingredients, S8 Binding and S7 Surgery all had significant international business, but had shelved any

web-based systems until the future perceiving any action as too risky at this time. If eBusiness proved to be consistently profitable to other firms than they would follow suit. However, they were taking a wait and see attitude for now. There seemed to be much less experimentation among the traditional companies. The internet start-ups were experimenting in the sense of creating innovative new web products, but there too we noted a preference for thinking through initiatives before launching activities.

In many ways, the experimental approach of the Russian companies in our sample seemed much more entrepreneurial than the Swedish planning approach, and seemed to reflect the underlying differences in tolerance of uncertainty.

Creating Trustworthy Contexts for Pursuing Entrepreneurship

Trust has been a critical component of competitive advantage for many countries. Trust has a role in facilitating entrepreneurship and economic growth (Humphrey & Schmitz, 1998) and a lack of trust in turn limits economic development. Nowhere in the world is this truth more evident than in Russia, where the level of trust is minimal. The head of eBanking at the firm R7 Banking went as far as to assert that lack of trust in Russia is the largest obstacle to the development of eBusiness in Russia. Of course one cannot blame Russians for having little trust after having been exposed to radical currency devaluations, broken promises of rapid changes to better times, a poorly functioning legal system, etc. However, trust must be created in some way for business transactions to work effectively.

Many of our interviewees asserted that in Russia, it is personal relationships which have served as a catalyst for trust. Thus, eBusiness is problematic in Russia since it removes the personal contact which has served to facilitate trust from transactions. As a result, firms using eBusiness in Russia must pay much attention to ways of creating trust. One way to minimize this problem is to create consortiums of firms such as eHouse.ru or shopping malls of eCommerce firms like R7 Banking is hosting. In this way trust only has to be established with one firm to access many products and services. One also sees firms like the dot.com supermarket R3 Store carrying a very diverse portfolio of goods in part in hopes of persuading a client that it is good to deal with them because then they only have to trust one firm to get many goods and services.

Sztompka (1994), in examining the historical reasons for distrust in the former Soviet Union and Eastern Europe, found that current problems could be traced to a deficiency of cultural and civilization resources. Therefore the ineffectiveness of law enforcement agencies in conjunction with frequent changes in regulations and economic policies over the last ten years have led to this distrust.

To understand the role of trust determining which business opportunities will be considered and pursued, we looked more closely at the interview data. We found that the question of trust may be interpreted in terms of people or institutional context. This distinction points to Trompenaars' (1993) dichotomy of rule of law and reliance on relationships. Sweden provides a highly stable environment in which people can predict outcomes for actions, where the government and its policies are relatively stable, and people expect and prefer rule of law. In contrast, Russians cannot expect stability nor rule of law, and have learned or perhaps have always preferred to rely on relationships to create a context of trust. The corruption index suggests that Russians cannot rely of rule of law (see Table 5).

– Table 5 about here –

It is also worth noting that in Russia over 95% of all on-line transactions are paid for by cash on delivery. This is in part explained by the fact that less than 4% of the Russian population have credit cards (Nazarova, & Lakaeva, 2000), however there is an electronic payment industry that has been active in innovating in Russia to offer the Russian population without credit cards many different solutions. These on-line payment solutions, however, have not gained much popularity. Many of our interviewees suggested that they felt Russians' lack of trust and their desire to physically see what they were buying before they paid for it, poses a significant obstacle to moving away from the cash on delivery system in Russia. This steadfastness to cash on delivery is unfortunate since in many respects the system is not convenient—customers need to be home and have cash at home, normally products are delivered via the post and it takes about six weeks for stores to get money back from the postal service causing cash-flow problems.

In keeping with Russian's lack of trust, it is interesting to note that Russians tend to be very secretive and Russian businesses are rarely very transparent. This is in marked contrast

to Swedish firms which tend to be quite open. At the individual level, the concept of a Swedish personal number (a number listing your birthday plus four additional digits) is widely published on many lists available to the public (membership lists of an organization, test results, etc.) and all information about you is linked together to this number. Russians tend to be less open about making one's age and other personal information publicly known. To some degree, the *a priori* assumption in Russia is that people want information to use it against you. In Sweden, the *a priori* assumption is that people want information to make your life easier or better.

The role of institutions or people in creating trustworthy contexts for entrepreneurship can be illustrated with two examples from our sample. One, because rule of law is preferred and assumed, Swedes seem to prefer to deal with uncertainty through formal agreements which can be enforced. S24 Cars mentioned the need for bilateral agreements as central to dealing with some issues of technical uncertainty in new opportunities. Note that in general, Swedish businesses do not worry about the trustworthiness of their business partners and thus use less formal contracting, because they can rely entirely on the institutional context to create and enforce good behavior. None of the Russians mentioned this option. In contrast, a second solution much more evident in Russia, is the use of company clusters working together under the umbrella of personal relations, loose holding companies, or political connections. In these clusters, relationships provided the context for trust, partly because the interdependencies between the companies (and possible one or two major players behind the clusters) provided incentives to act honestly. For example, R2 Payweb Consult, R23 Pay Web, and several other companies clearly worked together with related companies and/or shared a client base. Similarly, R7 Bank had strong ties to most mobile phone operators and therefore was able to risk investing in mobile and mobile internet ventures. In addition, R7 Bank was planning to create a cluster of electronic stores which would share a portal and payment platform run by the bank. These clusters seemed to provide insider contacts for business and reputation spillovers, which counter-balanced the risks of pursuing web opportunities. Interestingly, for the two Swedish e-procurement companies facing an uncertain future as technical standards are still evolving and markets for their service must be created, the cluster or economic group strategy seemed to be the only viable option to ensure

survival.

According to Humphrey and Schmitz (1998), firms in developing countries may overcome the problems of corruption and lack of trust in the marketplace, by forming clusters of companies within which high trust facilitates business activity. Leff's original insightful discussion of economic groups in developing countries argues that economic groups may overcome "deficiencies in the market for primary factors, risk and intermediate products." (1978: 671). Leff also notes that the economic group is of particular importance in developing economies because it provides the material and network resources that facilitate entrepreneurship. Our some provides some evidence to indicate this may be happening in Russia.

In Russia, the short-term orientation and focus on doing coupled with a tolerance for uncertainty has led to a preference for entrepreneurship based on emergent strategies and fast pay-backs. Most businesses experiment with their options, try to minimize their costs, and use the results of their efforts to check whether the emerging strategy is worth pursuing and adapting to other angles. In Sweden, the strong future orientation, the rather low tolerance of uncertainty, and a preference for thinking before doing, has lead to an entrepreneurship characterized by far more planned strategies and a longer-term investment perspective. In some cases, this long-term planning perspective provides Swedish business a strong competitive advantage, as they are willing to pursue major and relatively radical innovations in technology or markets based on careful planning and strong implementation into the global arena. In other cases, such as the smaller traditional companies, Swedish businesses faced considerable disadvantage as there was little to no investment in eBusiness and managers hesitated to experiment with the new medium.

PERCEIVED BARRIERS TO PURSUING B2B ENTREPRENEURSHIP

Conventional wisdom suggests that B2B eBusiness is likely to be the area where eBusiness entrepreneurship is likely to have its greatest impact. Interestingly, however, especially in Russia and to some degree in Sweden, B2B eBusiness opportunities were not pursued as aggressively as they could be. What is particularly striking is that when discussing with managers why B2B eBusiness opportunities were not pursued more

aggressively, Russian and Swedish managers tended to give very different explanations for the barriers. These perceptions apparently had an impact on the types of eBusiness entrepreneurship businesses in Russia and Sweden decide to pursue.

In Sweden, the managers almost always emphasized the practical and technical details of data exchange protocol. For example, Swedish managers would say that until XML becomes more widespread and useable, B2B systems between suppliers and customers must use compatible data structures so that the linked computer systems can understand one another. This need has been reduced with internet-based systems using universal standard protocols which are replacing costly dedicated systems for the data transfer like traditional EDI. However, the structure of the data apparently still needs strong and detailed common protocols. In the cases of companies who have long used EDI such as S24 Cars, the price of creating new internet-based systems and renegotiating protocols seemed too high and they quite logically preferred to wait until the standards wars for XML and related languages have been settled. Yet for companies who do not have any systems to date, the same technological reasons were cited for not creating and implementing B2B systems. Thus, sunk costs and relative effectiveness of old systems cannot completely explain the hesitations.

In contrast to the Swedish managers' perception of high technological barriers to pursuing eBusiness opportunities, we found hints of two cultural orientations as important factors explaining why some Swedish firms did not pursue eBusiness opportunities. First, the Swedish managers seemed to avoid uncertainty by delaying commitment to a technological standard. Second, the managers respected Sweden's value of low power distance and egalitarian values by not forcing a standard on suppliers. Some managers indicated that even if they were able to win the standards war due to their relative bargaining position, forcing a standard onto suppliers would damage their long-term relationship with suppliers, because of violating egalitarian values. In one of the two e-procurement companies we interviewed, we had a long discussion about the government-sponsored committees for developing standard protocols for data-exchange. Their business model used existing EDI protocols and systems with internet interfaces, and their participation in the committees was designed to manage the risk of incompatible protocols being adopted. Thus aversion to risk and a wish to follow Sweden's egalitarian values placed limitations on the eBusiness entrepreneurship

opportunities that Swedes chose to pursue.

In Russia a hesitation to implement B2B entrepreneurship opportunities also existed, especially regarding relationships with suppliers. In the Russian case, however, the most frequently cited reason for not pursuing the eBusiness opportunity was the feeling that it was important to deal with people on a personal basis. The technology of fax, email, and phone supported relationships, but the emphasis was on the personal relationship. Evidence from Fey and Denison (1998) suggests that Russians value business relationships which include both rational and emotional dimensions, and prefer a richer and more generalized relationship to business partners. Perhaps a partial explanation for this is that Russia is more of what Hall (1981) calls a high context society. That is, it is not just the rules that matter, but all of the surrounding elements which are important, including the way people say things and the way they act which should be taken into account. This again has implications for the type of eBusiness opportunities that Russians are likely to pursue.

Part of the reluctance to invest in B2B opportunities in both countries was the cost. R8 Computers, a computer assembly and sales company, said they would use supplier B2B systems only if the suppliers were willing to create and/or pay extra for them. Similarly, S1 Ingredients, the bakery ingredients company, did not want to invest in costly IT systems. There were some significant examples of B2B extranets in Russia, however, which contrasted with Swedish caution. For example, R8 Computers had developed a rather sophisticated two-tier integrated B2B and B2C system which worked with their 65 distributors throughout Russia, motivated by improved efficiency and market reach. The system was fully integrated with company's own order system. The distinction for R8 Computers was that the cost-savings and increased sales could pay for the system within 6 months. But these savings could only be realised because R8 Computers was willing and able to impose the system on all the distributors. Likewise R9 Traders, a food trading company, imposed an extranet order system on their many suppliers. Although larger Swedish companies probably could implement B2B using fiat, it seemed unlikely that they would. For example, S24 Cars, the largest company in our sample, emphasised the need to work with suppliers, negotiate bilateral agreements on protocols, and encourage them to use the internet more.

The success of the Russian extranet systems, despite the lack of universal protocols,

was due to the managers' willingness to impose their solutions on the smaller companies who were their suppliers or distributors. For the Russian managers, the norms of a stronger sense of collectivity and hierarchy allowed the large central companies in their networks to create and impose solutions on their cluster of related companies. Ironically, the end result was that we found the Swedish companies tended to take a strong person-to-person approach to B2B trade, despite their espoused emphasis on technology.

We found it difficult to predict under which circumstances a B2B system would be implemented. In the case of Russia, the value placed on personal relationships suggested eBusiness systems would be avoided except as an administrative support, while the high power distance meant that if a company had a strong position within a hierarchy of companies, an eBusiness system would be imposed. In Sweden, the low power distance suggests a higher level of trust among people (Shane, 1992), yet this value also impeded the implementation of systems within a network of related suppliers and customers. This egalitarian approach, even between companies radically different in size, may explain the number of companies providing e-procurement and electronic market places within the Swedish economy (we interviewed three). The external B2B system suppliers provide a power-neutral source of common protocols and absorb the risk of changing technical standards, and thus may increase the trust and willingness to work with eBusiness solutions.

DISCUSSION AND CONCLUSION

In this paper, we have explored the relationship between culture and entrepreneurship in Sweden and Russia, through an analysis of interviews conducted with Russian and Swedish companies. The research was structured as a cross-country exploratory study of entrepreneurial responses to the eBusiness opportunity space that has opened up over the last five years. The findings suggest that the strongest differences are found in Sweden's somewhat longer time orientation compared to Russia affecting which eBusiness opportunities are recognized, attitudes towards uncertainty (Russians being able to deal with more uncertainty than Swedes who are very adverse to uncertainty), and how trust is created through relationships (Russia) versus relying on rule of law (Sweden). We have also shown that it is important to consider the cultural values implicit in how barriers to pursuing B2B

opportunities are explained. These dimensions seem to create a preference for emergent strategies and fast pay-backs in Russia, while Swedes prefer planned strategies and have a strong long-term investment orientation. In general, this study has shown that national culture affects which types of eBusiness opportunities are recognized and pursued.

The findings are both illuminating, and require further research to formalize the theoretical implications and test them through other research methods. The limitations to generalizability, due to both the structured sample selection and to the qualitative assessment of relatively unstructured interview data, are undeniable. Despite the limitations, however, we believe that such exploratory work provides a valuable contribution in suggesting future directions for research. For example, the use of economic groups to create contexts for entrepreneurship in Russia, which we observed in our sample, may be expected from previous research on developing economies as noted above. The observation that the same approach was used by e-procurement companies in Sweden to deal with technical uncertainty raises interesting possibilities for understanding entrepreneurial strategies in any highly uncertain environment.

This paper also suggests that there is an ongoing interaction between national culture and the collective historical experiences of a society. In particular, in comparing Sweden and Russia, the distinct versions of socialism and economic history have led to strong differences in their business traditions. Swedish businesses, for example, almost inevitably consider international expansion from early on, reflecting both the long history of Swedish multinationals successfully expanding into global markets and Sweden's strong universalist values. This also speaks to Russia's short-term orientation since international expansion takes time and long-term commitment.

Thus, while issues of business logic and institutions may seem sufficient to explain current decisions in some situations, if we reflect on the dynamics of why the current situation exists, issues of culture inevitably arise. As anthropologist Lindh de Montoya (2000) suggests, entrepreneurs create their businesses through reading the rules of the culture and knowing how and when to use them to achieve their business goals. This view links culture and its values more closely to the specifics of the entrepreneurs and business managers world, embedding values into various contexts and allowing for contradiction between diverse and

even conflicting rules and players.

The perspective on cultural rules as a dynamic between players is particularly valuable in understanding some of the changes that seemed to be emerging in the two business cultures. Thus, the growth ambitions of so many of the Russian managers and entrepreneurs, partly born of their pride in Russian achievements in the past, will no doubt expand to include global markets and technological leadership. For now, Sweden's managers and entrepreneurs seem to take this perspective, while Russians focus more on the Russian market and perhaps the CIS. This limited scope partly reflects the significant potential for growth within the country in contrast to the smaller and more-developed market of Sweden. However, it also reflects the short-term investment orientation of most businesses, and the traditionally relatively closed society of Russia. If and when greater stability emerges in Russia, and given the networks of the expanding Russian emigrant communities which are helping build competence in the language and norms of foreign markets, we expect that the way in which cultural values affect emerging Russian strategies and business practices will also change.

Our study has shown that cultural differences affect entrepreneurship through the type of business opportunities which are recognized and pursued. Future research is needed which includes other countries to continue developing a more thorough understanding of the role national culture plays in business opportunity recognition and entrepreneurship. Studies cited above (e.g. Baum et al., 1993; Busenitz et al., 2000) have shown support for linking culture and entrepreneurship. In this paper we have focused on entrepreneurship in the context of existing companies and start-ups, and have found similar distinctions in both the cultural values and type of entrepreneurship. While the world wide web is clearly providing a unifying force that is making the world a smaller place, this study is a first step towards showing that national culture still does affect business even in the new age of eBusiness entrepreneurship. More specifically, this study has shown that national culture affects which types of eBusiness opportunities are recognized and pursued. Future research, however, is needed to continue to investigate other dimensions of how culture affects business in the internet era.

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Table 1a: Russian Companies participating in E-Business Projects

name	industry	type	market	eType	location	interviewees	meeting
R1 Web Consult	internet consulting	internet consulting	B2B	marketing	Moscow	Marketing Manager	18.9.2000
R2 Payweb Consult	internet payment consulting	internet consulting	B2B	marketing	Moscow	General Director	18.9.2000
R3 Store	e-supermarket	internet	B2C	sales	Moscow	Managing Director	19.9.2000
R4 Transcripts	information agency	traditional	B2C/B2B	multi-faceted	Moscow	Director of Administration	19.9.2000
R5 Ehub	market place	internet	B2B/B2C	sales	Moscow	Director, Project Manager	19.9.2000
R6 Buildings	construction	traditional	.----	none	Moscow	Director	20.9.2000
R7 Bank	banking	traditional	B2B	multi-faceted	Moscow	IT Director	20.9.2000
R8 Computers	computer production	traditional	B2B	multi-faceted	Moscow	Sr. IT Mgr, Commercial Director	20.9.2000
R9 Traders	wholesale trader, mostly foods	traditional	B2B	multi-faceted	Moscow	CEO, IT Director	20.9.2000
R10 Lifts	elevators producer	traditional	B2B	marketing	Moscow	Communications Director	20.9.2000
R11 Protect	protective equipment	traditional	B2B	marketing	St.Petersburg	IT Director	21.9.2000
R12 Luxury Cars	car dealership	traditional	B2B	research	St.Petersburg	Country Manager	21.9.2000
R13 Radar	radar systems for policing	traditional	B2B	research	St.Petersburg	Marketing Director	21.9.2000
R14 Bank	banking	traditional	B2B	sales	St.Petersburg	Dept. Manager	21.9.2000
R15 Graphics	graphics equipment/software	traditional	B2B	multi-faceted	St.Petersburg	Technical Director	22.9.2000
R16 Placement	staffing services	traditional	B2C	marketing	St.Petersburg	Business Dev. Director	22.9.2000
R17 Boxes	producer of packaging paper	traditional	.----	research	St.Petersburg	General Manager	22.9.2000
R18 Beer	beer	traditional	B2B	marketing	St.Petersburg	IT Manager	22.9.2000
R19 Events	managing PR events	traditional	.---	marketing	St.Petersburg	Production Manager	22.9.2000
R20 Web Systems	internet consulting	internet consulting	B2C	marketing	Moscow	Vice President	13.11.2000
R21 Portal	portal and internet ventures	internet	B2C	sales	Moscow/St. P.	Director, Strategy & Partnerships	13.11.2000
R22 Pay Web	payment technology	internet consulting	B2B	sales	Moscow	Country Manager (U.S. parent)	13.11.2000
R23 Store	cluster of e-shops with logistics	internet	B2C	sales	Moscow	Founder/CEO	13.11.2000
R24 Mobile	mobile services	internet	B2B	sales	Moscow	Partner	13.11.2000
R25 Store	e-shop, mostly PC related	internet	B2C	sales	St.Petersburg	Store Manager	15.11.2000
R26 Telecom	telecommunication	traditional	B2C	marketing	St.Petersburg	Executive Director	17.11.2000
R27 Internet	ISP, web hosting	internet	B2C	multi-faceted	St.Petersburg	Commercial Dir. Board Member	22.11.2000
R28 Store	e-shop, mostly books	internet	B2C	sales	St.Petersburg	V.P., Editor in Chief, CTO	22.11.2000
R29 Bank	banking	traditional	B2C/B2B	multi-faceted	St.Petersburg	Chief, Plastic Card Dept.	27.11.2000

Table 1a: Swedish Companies participating in E-Business Projects

name	industry	type	market	eType	location	interviewees	date
S1 Ingredients	bakery ingredients	traditional	B2B	research	Stockholm	Marketing Manager	17.10.2000
S2 Luxury Cars	car dealership	traditional	B2C/B2B	research	Stockholm	Owner- Manager	17.10.2000
S3 Valves	specialty valves	traditional	B2B	marketing	Stockholm	President	17.10.2000
S4 E-Procure	e-procurement	internet/consulting	B2B/B2E	multi-faceted	Stockholm	Product Manager	17.10.2000
S5 Clinical	clinical trials technology	internet	B2C/B2B	multi-faceted	Stockholm	CEO	18.10.2000
S6 Medical	medical delivery technology	traditional	B2B	research	Stockholm	Founder/CEO	18.10.2000
S7 Surgery	surgical instruments	traditional	B2B	marketing	Stockholm	CEO	27.10.2000
S8 Binding	binding equipment	traditional	B2B	marketing	Stockholm	Marketing Manager	27.10.2000
S9 E-Procure	e-procurement	internet	B2B/B2E	multi-faceted	Stockholm	Founder/CEO	30.10.2000
S10 Portal	niche portal	internet	B2C	sales	Stockholm	Founder/CEO	30.10.2001
S11 Relate	web customer relations mgmt	internet consulting	B2B	multi-faceted	Stockholm	Vice President	30.10.2000
S12 Portal Ventures	portal and internet ventures	internet	B2B	multi-faceted	Stockholm	Exec. V.P, Business Dev. Mgr.	31.10.2000
S13 Desks	office furniture distributor	traditional	B2B/B2C	marketing	Stockholm	IT Manager	31.10.2000
S14 Cooler	innovative heat exchanger	traditional	B2B	marketing	Stockholm	CEO	1.11.2000
S16 Monitor	mobile equipment monitoring	internet	B2C	multi-faceted	Gothenburg	Founder/CFO	2.11.2000
S17 E-Hub	textile marketplace	internet	B2C	sales	Gothenburg	EVP	2.11.2000
S18 Integrator	integrator for in-car portal	internet	B2C	multi-faceted	Gothenburg	Business Development Director	2.11.2000
S19 Decisions	decision support software	traditional	B2C/B2B	multi-faceted	Gothenburg	V.P. Software Development	2.11.2000
S20 Telecom	telecommunication system	traditional	B2B	sales	Stockholm	Consultant	2.11.2000
S21 Software	configurator (B2B software)	internet consulting	B2B	sales	Stockholm	CTO, Marketing Analysis Mgr.	24.11.2000
S22 Store	e-shop, mostly books	internet	B2B	sales	Gothenburg	Country Manager	5.2.2001
S23 Bank	banking	traditional	B2B/B2C	sales	Stockholm	Vice-President, Internet	15.2.2001
S24 Car	car manufacturer	traditional	B2B	multi-faceted	Gothenburg	eBus. & Purchasing Project Mgr	12.2.2001

Table 2: Population and General Indicators

Population/General Indicators	Sweden	Russia
<i>Population</i>	8, 873, 052	146, 001, 176
<i>Pop. Growth Rate</i>	0.02%	-0.38%
<i>Labor Force</i>	4, 300, 000	66, 000, 000
<i>Literacy Rate</i>	99%	98%
<i>Pop. Below Poverty</i>	NA	40%
<i>Total Life Expectancy</i>	79.58 years	67.19 years
<i>Unemployment Rate</i>	5.5%	12.4%
<i>Language</i>	Swedish*	Russian

Source: BISNIS (2001)

Table 3: Transport and Infrastructure Indicators

Transport/ Infra-structure Indicators	Sweden	Russia
<i>Area</i>	449, 964 sq. km	17, 075, 200 sq. km
<i>Railways</i>	12, 821 km	150, 000 km
<i>Highways</i>	210, 907 km	948, 000 km
<i>Paved Highways</i>	163, 453 km	336, 000 km
<i>Waterways (navig.)</i>	2, 052 km	101, 000 km
<i>Airports</i>	256	2, 517
<i>Paved Runways</i>	147	630
<i>Heliports</i>	1	0

Source: www.odci.gov (Values taken in 2000, although some may date back further)

Table 4: Telecommunications and Information Media Indicators

Telecom/Information Media Indicators	Sweden	Russian Federation
<i>Tele. Main. Per 1000 People in largest City</i>	844	465
<i>Revenues per Line (US)</i>	806	127
<i>Waiting Time for Tele. Main. (Years)</i>	0	5.3
<i>Cost of Local Call per 3 Minutes (US)</i>	0.13	----
<i>Outgoing Traffic Mins. per Subscriber (c)</i>	169	36
<i>Mainline Telecommuns. in Use (d)</i>	6, 017, 000	25, 019
<i>Number of Televisions</i>	4, 600, 000	60, 500, 000
<i>Telecommunications Situation (d)</i>	Modern Domestic & International Facilities	Improving Facilities
<i>Mobile Phones per 1000 People 1998 (a)</i>	464	50.9
<i>Mobile Cellulars in Use (d)</i>	3, 835, 000	64, 000
<i>Fax Machines per 1000 People 1998 (a)</i>	50.9	0.4
<i>Personal Computers per 1000 People 1998 (a)</i>	361.4	40.6
<i>Number of Internet Service Providers (d)</i>	29	83
<i>Internet Host per 1000 People July 1999 (b)</i>	581.47	13.6

Source(s): (a) Data from ITU, (b) Data from ISC, (c) International Telecommunications Indicator, World Bank, and OECDI (d).

Table 5: The 2000 Corruption Perceptions Index

Countries	The 2000 Corruption Perceptions Index		
	Country Rank (a)	CPI Scores (b)	High-Low Range (c)
Sweden	3	9.4	8.1 – 9.9
Russian Federation	82	2.1	0.6 – 4.1

Source: Taken from the Internet Centre for Corruption Research (www.gwdg.de/~uwww/icr.htm)

Notes: a (i.e. 1= low in terms of corruption, 100 = high), b (perception of corruption, 10 = highly clean and 0 = highly corrupt), c (range of the largest and smallest values of the sources).