



Research Article

Online Information System – Russia Aims to Ease the Environmental Impact Assessment (EIA) Market Entry Barrier into Northwestern Russia

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Abstract

Finnish companies have a growing and keen interest in entering the changing and improving Northwestern Russian market. According to the World Bank's rankings for the ease of doing business, Russia ranked at 92 out of 189. The country was however recognized as one of the 29 countries which had improved their rankings in 2012/13 according to reforms in at least 3 of the 10 measured topics. In addition to being ranked in the 50th percentile in the ease of doing business, the Russian business environment and culture must also be considered when deciding to enter a market sector abroad. In understanding the Russian business culture for example, as defined by Hofstede's cultural dimensions, Russia is described as a culture of high power distance, uncertainty avoidance, and pragmatism meaning that the business culture includes the right personal contacts, bureaucratic business processes, and an orientation where the situation, context, and time have meaning for the outcome of the issue at hand. In other words, the culture and businesses thrive on the network of contacts, understanding the processes and systems, as well as on direct personal communication. In addition to the ease of doing business improving and the cultural differences, development projects in specific must go through the Environmental Impact Assessment (EIA) process which has proven to be a market entry barrier into the Northwestern Russian region. It has been found that the EIA process and system in Russia is complex and hard to navigate, even by native developers. The issues of identifying the EIA best practices of the private sector in Northwestern Russia and thus easing the market entry barrier posed by the Russian EIA system and its process for Finnish as well as other international companies looking into entering the Northwestern Russian market are addressed with a toolkit. This toolkit is a free of charge; open, online information service – Russia (IS-Russia) designed specifically from the gathered research, feedback, and needs assessment and analysis of Finland's private sector and thus is specifically designed for the companies.

Keywords: Best Practices, International Business Strategies, Information Technology Project, Sustainable Innovation and Competitive Advantage, and International Business Strategy.

Introduction

Environmental impact assessment (EIA) is a legal assessment process, where the company planning a project which will have impacts on the environment must evaluate the project in regards to the levels of impact significance and create alternative options for the proposed project (Environment, 2013). The EIA includes consultations with local people, organizations, agencies where they have a chance to learn about and comment on the proposed project. The EIA report is the prerequisite for the project to receive the operating license.

Market entry barriers, as defined by Luk'ianov and Kislak (2007), are seen as a set of economic, technological, and/or institutional conditions that enable incumbent firms to hold prices above minimum average costs over a long time period and prevent potential entrants from making profits at the same level as the incumbent firms prior to entry. Examples of entry barriers include government policies and regulations, cultural differences, incompleteness and asymmetry of information, and costs associated with market entry and continued operations in foreign markets for example (Karakaya, and Stahl, 1989). Newcomers striving to enter an industry or a new foreign market are the most sensitive to the presence of barriers (Luk'ianov and Kislak, 2007).

Due to the market entry barrier posed by the Russian EIA process Finnish companies will be provided with an online Information Service – Russia (IS – Russia). This information service site is a strategic toolkit that includes a state of the art analysis of the EIA best practices and gives free access to information about environmental legislation, rules and procedures, as well as the contact information for the key people and institutions involved in the stages of the EIA process in both Finland and in Russia. Therefore, its aim is to both enhance the environmental standards and practices of the EIA process as well as ease the EIA market entry barrier to the northwestern Russian market and thus creating a strategic advantage for new developments and business opportunities into the region. The

information provided on the IS – Russia site is tactically targeted to address the gaps in our current knowledge about the significance of the environmental impact assessments as well as contribute to a common understanding of the well-being of the region's society and environment at large.

Online Information System – Russia aims to ease the Environmental Impact Assessment (EIA) Market Entry Barrier into Northwestern Russia

During the past century, International attention has been given to improving international collaboration and deriving additional advantages from international trade (Dudarev, et al., 2004, Saarinen, 2012). Businesses drive to expand markets and to sustain a competitive advantage in a global marketplace. Finland's history, and destiny, including its standard of living, and to a degree its business success is closely interrelated with its eastern neighbor, Russia. In addition, the Russian economy has begun to boom since the late 1990's thanks to the transition to a market economy together with market reforms, changes in legislation and institutions which has opened the borders and markets for international trade and investment. Recovery from the 2008 global financial crisis, as well as Russia's WTO membership in 2011 all have led to substantially starting the alternation process of the industrial structure and corporate landscape of Northwestern Russia. As a result, the most important industries of the region; which include, energy-related industries, mining, basic metals and the forest industry have experienced great success and growth (Dudarev, et. al, 2004, Export.gov, 2014). It was also noted by (Dudarev, et. al, 2004) that there is a demand for direct investments, partnerships, as well as a need for new entrepreneurs in Northwestern Russia as there is a lack of Small and Medium sized businesses (SMEs) and the larger firms are looking to outsource and subcontract some of their activities, which all could lead to new growth and opportunities in the region for both domestic and international ventures. Therefore, it can be noted that due to Russia's dense focus on

big oil, gas and minerals industries makes the economy vulnerable, which in turn is one of the main reasons that SME's would be highly desired in Russia.

Russia is the world's 11th largest economy by nominal GDP, 6th largest by PPP and has the highest per capita GDP (\$13,236 USD) of the BRIC countries (Export.gov, 2014). Northwest Federal District is an administrative region of Russia appeared by the decree of Russian President in May 13, 2000. Its territory is approximately 1,678 thousand km² or 10 percent of the entire Russian territory. The population of the region (2012) consists of about 9.5% of total Russian population or 13,718,000 out of which 83% live in cities (Doing Business in Northwest Russia, 2014). Northwest Russia is the only region of Russia that borders European countries, i.e. Finland, Norway, the Baltic countries, Poland, and also Byelorussia and St. Petersburg has the highest concentration of Small and Medium Sized enterprises (SMEs) in the country and the region produces 10 percent of Russia's GDP and 43% of the districts GDP (Doing Business..., 2014). The region has access to multiple sea routes, such as the Baltic Sea and the deep North and Barents Seas can be accessed from Murmansk, Arkhangelsk regions, and the Republic of Karelia. Dudarev, et. al (2004) identified the most important competitive advantages for Northwest Russia, as the location which is in close proximity to the markets of Europe and Russia thus making it a potential trade hub for other regions of Russia (over 30% in total). The region contains plenty of natural resources including non-ferrous metals and apatite (Murmansk oblast); iron (Karelia); oil and gas (Murmansk and Arkhangelsk oblasts, and the Republic of Komi). In addition Vologda, Pskov, Arkhangelsk, and the Republic of Karelia also have extensive forest resources (Doing Business, 2014). Infrastructure in the areas is among the best available in Russia, industrial traditions, low-cost labor and an advanced system of educational and training of the labor force. As Dudarev et. al. (2004) stated that Russia is a diverse country with diverse operational environments and resource bases for business. There are opportunities to upgrade

business opportunities and take part in new developments and investments. These new projects can be not only profitable to the firm, but will also have local benefits to the participating countries, states, and regions.

Literature Review

Finland is one of the northern European, more specifically Scandinavian, countries with a population of about 5 million people. It neighbors, Russia to the east, Norway to the north, and Sweden to the west, as well as Estonia to the south. Finland has a highly industrialized, largely free-market economy with per capita output almost as high as that of Austria, Belgium, the Netherlands, or Sweden. Trade is important for the country's economy with exports accounting for over one-third of GDP in recent years (Finland, 2014). In 2009, the amount of Finnish inward foreign direct investment (IFDI) into Russia was approx. \$1,900 million USD and thus ranked 11th globally, making it among the highest in Europe (Kuznets, 2010, Kosonen, 2010). Russia is Finland's neighbor and with the country's growing rate of internationalization and modernization it remains the most attractive market for Finnish companies, but in the survey conducted by Team Finland of 600 Finnish firms, about 1,200 barriers to trade and investment were identified (Saarinen, 2012). This study conducted by Team Finland also noted that a large part of the identified market entry barriers for Finnish companies, 30% of all perceived barriers, were concerned issues with Russia.

In most countries, as in Russia, in order for businesses to develop new operations or modify current ones, that may have an impact on the environment, the business/developer must conduct an EIA before proceeding forward with the planned project. In Russia, according to the article, 32 of the Federal Law No.7-FZ of January 10, 2002 on Environmental Protection, the Environmental Impact Assessment (EIA) is mandatory and provides for the proposed economic activity, which can directly or marginally influence on the environment. The concrete stages of the Russian EIA

process as well as the requirements to the EIA materials is set out in the Regulation on the Assessment of Environmental Impact approved by Order of the State Ecology Committee of the Russian Federation No.372 of May 16, 2000.

According to Kuznetsov (2010), since Russia began its privatization efforts in the 1990s, it became a significant host for inward foreign direct investment (IFDI) in the 2000s. The World Bank's rankings for the ease of doing business, Russia ranked at 92 out of 189 in 2014 (Ease of Doing Business in Russian Federation, 2014). The country was however recognized as one of the 29 countries which had improved their rankings in 2012/13 according to reforms in at least 3 of the 10 measured topics. The Russian Federation had thus increased by 12 ranks since 2013. For example, in 2014 Russia had made it easier to start a business by abolishing the requirement to have the bank signature card notarized before opening a bank account. They also made dealing with construction permits easier by eliminating several requirements for project approvals from government agencies and by reducing the time required to register a new building. For improving trade, Russia during 2014 implemented an electronic system for submitting export and import documents thus reducing the number of physical inspections, in addition obtaining electricity has been made easier by eliminating unnecessary procedures and setting standard connection tariffs which has also helped reduce the cost of electricity in the country.

In addition to being ranked in the 50th percentile in the ease of doing business, the Russian business environment and culture must also be considered, and as defined by Hofstede's cultural dimensions, is one of high power distance, uncertainty avoidance, and pragmatism meaning that the business culture includes the right personal contacts, bureaucratic business processes, and an orientation where the situation, context, and time have meaning for the outcome of the issue at hand. According to Hofstede (2014), the power distance index measures the

extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Russia's high level of power distance means that authority is respected and there is a large difference between those that have power and those that do not. The dimension of uncertainty avoidance measures the society's tolerance for uncertainty and ambiguity, which Russia scores high on as well as the members of society are comfortable dealing with the unknown and ambiguous situations, unlike Finns for example who are keen to plan for the majority of situations and are uncomfortable with the unknown. In other words, the Russian culture and businesses thrive on the network of contacts, understanding the processes and systems, as well as on direct personal communication. Kuznetsov (2010) noted that due to the business environment and practices of corruption has not allowed Russia, for example, to exploit its locational advantages to its fullest and has kept business growth in a few industries such as oil and gas and mining sectors. The culture of Russia, specifically in the business context, relies heavily on personal communication, relationship building and has led to high levels of corruption coupled with the regulatory system has led to some of the market entry barriers into the Russian markets as experienced by foreign firms (Broadman, 1998).

The governmental policy and business practices in Russia have led to the fact that the Russian EIA system and process has been found to create a market entry barrier for foreign, and in particular, Finnish companies exploring the opportunities to expand their businesses in the Arctic regions of Russia. Export.gov (2014), an organization promoting exports for the United States, noted that the biggest market challenges in Russia are a result of the burdensome regulatory regimes, inadequate intellectual property rights IPR protection and

enforcement, extensive corruption, and inadequate rule of law with inconsistent application of laws and regulations, lack of transparency in the processes. These market challenges in Russia have been recognized and experienced by the Finnish private sector companies interested in pursuing business opportunities in Russia. These challenges are thus very visible in the country's EIA process and system, which has been described as being very complex and hard to navigate, even by native developers.

Based on the opportunities for business development, the improvements in the ease of doing business in Russia, recommendations for continued modernization of the policy scene in Russia, and the growth of Finnish business interests and investments have all led to and created an interest in new opportunities in Northwestern Russia, which in turn has formed one of the main aims for this 2-year strategic project, funded by Finnish Funding Agency for Technology and Innovation (Tekes), to focus on easing the EIA market entry barrier that has been posed by the complexity of the Russian EIA system and process for Finnish and international companies potentially entering the Northwestern Russian market.

Research Question

The conceptual project goals, as the project's title states, aim to test the improvement processes of Finnish environmental impact assessment processes and the modes for application in the Arctic Regions of Finland and Russia. The project is analyzing the environmental impact assessments twofold. On one side, the project is looking at understanding and identifying the EIA best practices for Finland by benchmarking the best practices in all eight Arctic countries. On the other side, the project is identifying the specific needs of the Finnish companies in regards to EIAs and more specifically their needs and gaps in knowledge for better and more strategic entry to the Northwestern Russian market. In focusing on the market entry into the Northwestern Russian market, the main research question remained

focused on answering what are the main and identified key needs and in what way is the Russian EIA process seen as a market entry barrier for the Finnish companies.

Research Design and Methodology

In this project funded by Tekes, entitled "Testing improvement processes of Finnish environmental impact assessments and the modes for application in Arctic regions of Finland and Russia" (First-In Arctic EIA), the project's emphasis throughout its 2-year span has been clearly focused on the Finnish private sector and assessing the companies needs as well as the gaps in information that they currently have in regards to the EIA processes and best practices, with the aim of this project then being on identifying and gathering the knowledge for filling in those gaps and providing the companies with advantageous knowledge that can be utilized in creating strategic business decisions and opportunities and thus easing of the EIA market entry barrier into the Northwest Russian market. The data collection process was first directed towards gathering information and understanding the needs of the Finnish private sector in regards to their interests and current barriers of entry into the Northwestern Russian market followed by directed research towards collecting the required information to answer the specific needs of the private sector with the creation of the IS-Russia, with the detailed guidelines on the Russian EIA for Finnish companies.

First, interviews with Finnish companies interested in exploring business opportunities in Northwestern Russia were conducted to identify the areas of interest in Northwestern Russia as well as to fully understand the specific needs and barriers to market entry that the companies were experiencing. Second, in order to identify the foundation of the EIA process in the Northwestern regions of Russia legal and literature research was conducted with the purpose of identifying the main legal acts regulating the process as well as the agencies involved in enforcing the process. Third, to then further understand the EIA systems and processes in the identified key interest areas

in Northwestern Russia semi-structured interviews were conducted with companies, agencies, organizations during each of the six fact finding trips. These fact finding trips were made to Arkhangelsk, Moscow, Murmansk, Naryan-Mar, Pterozavodsk, and Syktyvkar. The main tasks during each of the fact finding trips were to:

- Collect additional information on the main legal acts regulating the EIA process in each Russian Arctic region
- Investigate and describe, step-by-step, the Russian EIA process
- Identify the main actors involved in the EIA process, along with their contact information

Finally, the beta website for the IS-Russia was created based on the requests from the funding agency and the companies in answering the requests of those companies in helping ease the market entry barrier to the Northwestern Russian market by providing clear guidelines of the Russian EIA system, process, regulations, and contact information for the key people involved in the EIA process for each interest area. The beta site was previewed at the Reflection Space seminar in May 2014 and feedback from the participants, as well as from a larger group of private sector companies, was gathered to help guide the final design of the site with the purpose of being the best possible and useful toolkit for the Finnish companies in creating their strategic decisions in regards to market entry into Northwestern Russia. The feedback received after the launch has been very positive and the site will launch in September 2014.

Result Discussion

As the legal and literature reviews showed, there are both opportunities for business growth in Northwestern Russia, specifically for Finnish companies, but the complex Russian business environment and culture along with the multifarious EIA process has created the existence and/or perception of the EIA market entry barrier for Finnish companies into Northwestern Russia

(Saarinen, 2012). According to an interview with a representative from the Centre for Economic Development, Transport and the Environment (ELY- Centre), the priority industrial sectors involved in EIAs as part of their business operations and growth strategies in Finland are responsible for the regional implementation and development tasks of the central government. From the officials point of view these priority industrial sectors are mining, wind power, energy, shipping, and tourism (T. Jokelainen, Lapland's ELY Centre, personal communication, December 11, 2013). Thus, the interviews conducted with the representatives from the Finnish companies from the environmental consulting, mining, and economic development sectors identified the sources of the barrier and the needs from the Finnish companies for the easing of the EIA market entry barrier consisted of the requests to have access, in English, to a general overview of the Russian EIA system and process as well as where the EIA process itself is located in the whole Russian environmental system. In addition, companies saw the value in having a list of concrete requirements for each stage of the EIA process and the expected average length of time required for completing each stage in the process. Also, Information about the regional differences in EIA processes was also requested as well as contact information for key players in each of the stages on the regional levels.

The fact finding trips to the six locations in Russia; Arkhangelsk, Moscow, Murmansk, Naryan-Mar, Pterozavodsk, and Syktyvkar, consisted of interviews and visits to the Federal, Regional and Local authorities participating and/or overseeing the EIA process in each region. In addition, interviews were conducted with the project engineering organizations, consultancies, and scientific research institutions which are involved in doing and creating EIA materials.

In regards to the EIA process in Russia, it was found that the EIA is mandatory and should be done before the implementation of proposed economic activity/proposed project. "The EIA is the process that

promotes the adoption of environmentally oriented decision on the implementation of planned economic activity based on the assessment of ecological, social, economic consequences for the environment of the proposed economic activity (Chapter 1 of the Regulation on the Assessment of Environmental Impact).” It is to be noted that the Russian EIA process is directly connected with the State ecological expertize (SEE) of the EIA materials. Figure 1 shows the general overview of the Russian EIA process and the list of the SEE objects stipulated by the Federal law No.174-FZ of November 23, 1995 on Ecological Expertise. It is important to know that in 2006, some changes were made into the Town-Planning Code of the Russian Federation No.190-FZ to improve the process and enhance the ease of businesses. This change took effect as of December 29, 2004 (the Town-Planning Code of the RF). After that, almost all projects connected with construction, reconstruction and location of the objects of transport infrastructure were excluded from the list of the objects of the SEE. For such projects, the EIA is conducted on the base of the engineering-ecological investigations (Article 47 of the Town-Planning Code of the RF). The specific requirements to the engineering-ecological surveys are described in the Formulary No.47.13330.2012 “Engineering investigations for construction” issued by the Ministry of regional development of the Russian Federation in 2012. The results of the engineering environmental investigations are used for preparation of the EIA report and the section “Environmental protection measures” in the project documentation that should be done according to the requirements of the Governmental Decree No.87 of February 16, 2008 “On composing the design documentation sections and on requirements to their content”.

Depending on the project, the project documentation of the planned economic activity requires the State ecological

expertize, State expertize or both. For projects connected with construction, reconstruction and location of the objects of transport infrastructure in the protected natural area, on the continental shelf, in the exclusive economic zone, in the inland sea waters, territorial sea or contiguous zone of the Russian Federation both State ecological and State expertize are mandatory. The developer submits the project documentation first for the State ecological expertize and then for the State expertize. The project documentation should contain the section “Environmental impact assessment materials” done according to the requirements of the Russian Regulation on EIA.

According to the Federal law No.174-FZ of November 23, 1995 on Ecological Expertise the Ecological expertise is “an expert assessment that the EIA materials meet the ecological, technical requirements and the environmental legislation” (Art.1). The expertise of the EIA papers can be done on the Federal (by the Federal authorities) or Regional level (by Regional authorities). It depends on the “nature” of proposed economic activity. For example, the most of the mining, oil and gas, forestry projects require the SEE on the Federal level. For the proposed economic activity in the regional protected area, the SEE is taking by the Regional state expert commission. For doing the SEE of the EIA papers on the Federal or Regional level the Federal or Regional authorities hire the high qualified people from the business companies, scientific research institutions, and project or engineering organizations. The results of the SEE is so called “SEE conclusion” that can be positive or negative. The positive SEE conclusion means that the developer has permission for implementation of proposed economic activity/proposed project (Art.18, item 5 of the Federal law No.174-FZ of November 23, 1995 on Ecological Expertise).

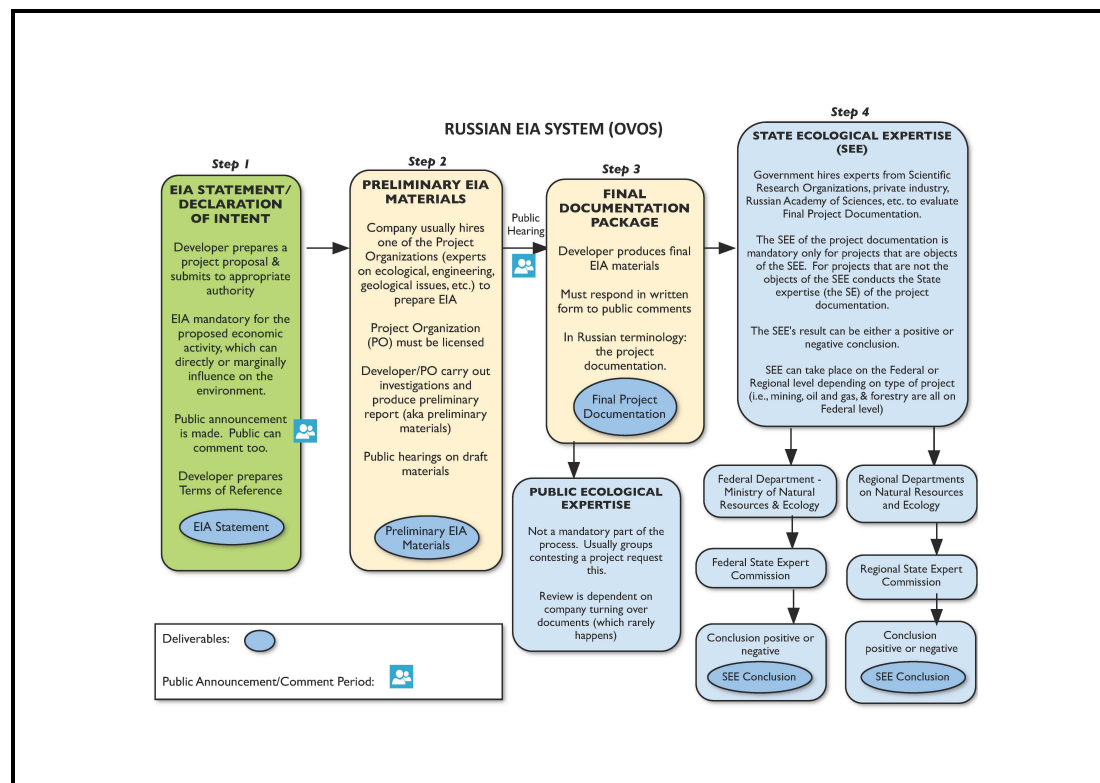


Figure 1: Overview of the Russian EIA process. Figure credit, Pamela Lesser

According to the Russian EIA legislation (Table 1), there are 4 main actors of the Russian EIA process: first, the developer, who is responsible for the initiation of EIA process, preparation of the EIA materials, and their submission for the SEE, as well as the organization of public hearings, and paying experts for their expert assessments of the EIA materials (Ignatyeva, 2013); second, the executor who is responsible for conducting the assessment of the ecological, social and economic impacts on the environment, for example ecological, engineering, geological, geo-ecological, archeological investigations. In practice, it can be a scientific research institute, private project, or engineering organization. Most business companies do hire these types of organizations to help prepare the documentation package. The third actor consists of the federal and regional

authorities who are responsible for the SEE, and the local authorities who are responsible for the conducting of the public hearings. Fourth, the public which includes: NGOs, associations, and private persons who are the main actors of the public hearings. The NGOs, associations and public are very active in public hearing especially regarding big long-term projects. As a rule, the public hearings are organized and taken by the local authorities (municipalities) on the territory where the proposed economic activity/project is going to be realized. The EIA materials are open for everybody. However, the municipalities can be located far away and there is typically no online access to the EIA materials. The main problem of public hearing's process is connected with preliminary examination of the EIA papers/materials.

Table 1: Overview of the Russian EIA legislation; table credit, Marina Nenasheva

<p>Federal Law "On Environmental Protection", January 10, 2002 No.7-FZ; Federal Law "On Ecological Expertise", November 23, 1995 No.174-FZ; The Regulation on the Assessment of Environmental Impact approved by Order of the State Ecology Committee of the Russian Federation of May 16, 2000 No.372; The Town-Planning Code of the Russian Federation, December 29, 2004 No.190-FZ; The Land Code of the Russian Federation, October 25, 2001 No.136-FZ; The Water Code of the Russian Federation, November 16, 1995 No.167-FZ; Federal Law "On the Continental Shelf of the Russian Federation", November 30, 1995 No.187-FZ; Federal Law "On the exclusive Economic Zone of the Russian Federation", December 17, 1998 No.191-FZ; Federal Law "On the Internal Sea Waters, Territorial Sea and Adjacent Zone of the Russian Federation", July 31, 1998 No.155-FZ; Federal Law "On Investment Activity in the Russian Federation pursued in the form of capital investment", February 25, 1999 No.39-FZ; The Formulary "Engineering investigations for construction" issued by the Ministry of regional development of the Russian Federation in 2012 No.47.13330.2012; The Governmental Decree "On composing the design documentation sections and on requirements to their content", February 16, 2008 No.87; Decision of the Government of the Russian Federation on Approving the Regulations on the procedure for the carrying out the State ecological expertise, June 11, 1996 No.698; Administrative Regulation of the Federal Service on ecological, technological and atomic supervision on organization and providing of the State ecological expertise of the Federal level approved by the order of the Ministry of natural resources of the Russian Federation, October 30, 2008 No.283; Federal Law on General principles of local government organization in Russian Federation, October 10, 2003 No.131-FZ; Decision of the Government of the Russian Federation "On the order of organization and conducting of the State expertise of the project documentation and the results of the engineering survey", March 05, 2007 No.145; Decision of the Government of the Russian Federation "On the endorsement by the Federal Fisheries Agency of construction and revamping of capital construction facilities, the introduction of new technological processes and performance of other activities affecting aquatic biological resources and their habitat", April 30, 2013 No.384.</p>
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General findings from the fact finding trips were that the EIA, as the environmental legislation defines, is a mandatory process for planned economic or other activities that can have direct or indirect impact on the environment. EIA in all the regions is thus perceived and used as the tool and process of the assessment of ecological, social, economic consequences on the environment as a result of the planned economic activity based on scientific research or engineering-ecological investigations. It was also found that the distinguishing feature of the Russian EIA system is its connection with the SEE or SE. In addition, EIA materials are a part of the project documentation submitted by the

developer to the SEE or SE and the requirements of the main legal acts on EIA and SEE/SE are common for all subjects of the Russian Federation. It was also found that although Russian companies are not yet concerned with social license (social license is understood not as something granted by the government, but rather as an intangible that is renewable daily and granted by the people only when their needs are being met, see e.g. Gunningham et al. 2004). In addition to or as a part of the official EIA document package, as is practiced or required in the other Arctic countries. However, it was found that the nuclear industry in Russia is reaching out and opening up to the public.

The industry is trying to show that they are environmentally responsible and are actively promoting an interactive and continuous dialogue with the public. For example, the NGO, Bellona, has been invited to view the facilities of one of the companies in the Murmansk region.

The Russian EIA legislation and the requirements to the EIA materials are the same for all companies in Russia (Ignatyeva, 2013). It can be noted that the whole EIA process and preparation of the EIA papers can not be done without the cooperation between government and private sector, especially the first stage of collecting the initial data, preparation of declaration of intentions, preliminary consultations with federal/regional/local authorities. In the six fact finding trips, it was found that most interviewed companies in Northwestern Russia agreed that there is a good cooperation between government and private sector and they were collaborating in the EIA process. Interestingly, it was found that if a company hires a Project Organization to prepare their EIA, it is the Project Organization that interacts with the government throughout the process and not the company.

Based on the identified needs of the Finnish companies and the findings from the research on Northwestern Russian literature, regulations, and on-site interviews, the beta site for the IS-Russia website was created in response to the identified requests and needs to ease the EIA market entry barrier. The beta site consists of the pages which address the main aims of the service, the general overview of the Russian EIA process, the step-by-step EIA guide, a list of both federal EIA legislation as well as one for regions with additional legislation. In addition, as requested by the Finnish companies, the lists of names and the contact information for the main players involved in the EIA process for each of the six identified locations have been made available. The beta site was officially previewed at the project's reflection space seminar as well as via an emailed link to the project's partners and interviewed Finnish company representatives were invited to

assess the site and to provide feedback in regards to the site's layout, functionality, content, and usefulness of the information in regards to addressing their needs and to assist in the easing of the EIA market entry barrier as they pursue strategic business opportunities in Northwestern Russia. Feedback from the participants of the reflection space seminar as well as the feedback gathered via the site's feedback form will, during the current year, help in the creation of the finalized IS-Russia site which is projected to be officially launched by September 2014.

Study Limitations

The current study of the EIA as a market entry barrier into Northwestern Russia was conducted as part of a small scale, short-term, strategic project. Additional research into a larger scale study of specific entry barriers into, specifically, the Northwestern Russian region should be conducted as the current study's sample size and areas of the Northwestern Russian regions are considered to be small. The semi-structured interviews, while good in regards to collecting the crucial information as well as additional information that the interviewed company representatives would give, worked well during the benchmarking trips to the other seven Arctic countries. In Russia, it was found that a more structured interview process due to the cultural differences in business environments, cultures, and communications, would result in better and more complete information. Also, a longer study on the usefulness of the IS-Russia website for Finnish companies could be conducted in order to fully assess the usefulness of the site and its contents in decreasing the EIA market entry barrier into Northwestern Russia and the potential of similar sites for all eight Arctic countries.

Conclusion

The project's findings, from both the literature reviews as well as the interviews conducted both in Finland and the six regions of Northwestern Russia, have indicated the opportunities for investment and new

ventures in Northwestern Russia are promising for Finnish companies and that there is interest from the Finnish private sector in learning about and potentially pursuing those opportunities (Dudarev, 2004, Saarinen, 2010). However, the challenges posed by the legal policy, and regulatory frameworks and thus the EIA are seen as a market entry barrier into Russia by Finnish companies (export.gov, 2014). As the recommended market entry strategies into Russia include due diligence, building relationships, and communication with locals involved in the business process, the newly created free access online IS-Russia site will thus provide Finnish companies with a strategic resource. The site is specifically targeted for Finnish companies considering the Northwestern Russian market as the site provides access to the environmental regulations for the Russian EIAs as well as the step-by-step guide for conducting EIAs in the Northwestern Russian regions along with the contact information for the key people and agencies involved in the EIA process and its oversight. The free access site in its beta version was previewed to the Finnish companies and has since been updated and improved based upon the suggestions and feedback from these company representatives. In looking into the future for Finland's international business opportunities in the Arctic countries, similar sites could be created for the other seven arctic countries.

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related, design, business, and social innovations. The authors would also like to acknowledge researcher Pamela Lesser for the use of the Russian EIA process figure in this paper.

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