

<input checked="" type="checkbox"/>	Master's thesis
<input type="checkbox"/>	Licentiate's thesis
<input type="checkbox"/>	Doctor's thesis

Subject	International Business	Date	3.5.2011
Author(s)	Sanni Leino	Student number	
		Number of pages	94 + appendices
Title	Managing Business Risks of Finnish Foreign Direct Investments to St. Petersburg		
Supervisor(s)	Ph.D. Esa Stenberg M.Sc. Hanni Candelin-Palmqvist		

Abstract

The topic of risk management has become a fundamental part of the international business and it is an essential part of any successful enterprise. Finnish companies' investments to St. Petersburg have grown remarkably in the recent years, because these markets offer many kinds of possibilities. However the markets of St. Petersburg can be classified as highly risky. This means that the business risk management needs to be done properly in order to succeed in Finnish foreign direct investments (FDIs) to St. Petersburg.

The research question for this thesis is: *How Finnish companies manage the business risks of FDIs to St. Petersburg?* This research question is divided into three sub-research questions:

- What are the main business risks of Finnish FDIs to St. Petersburg?
- In which ways Finnish companies have managed the business risks of FDIs to St. Petersburg?
- How the business risk management in FDIs to St. Petersburg differs from the general risk management?

The research question and sub-questions were answered through conducting a qualitative research by using interviewing as a research method. In this research five interviews with experts on the issue were made. The data was analyzed by using themes.

The results showed that a new risk model describes the Finnish FDIs to St. Petersburg the most optimal way. In this model the company activities, operational environment, risk management, business opportunities and business risks were related to each other. The company activities and operational environment related risks can cause either business opportunities or business risks; opportunities if risk management strategy is used, and risks if there is no risk management strategy or the strategy is not suitable for the situation, operational environment or for the company. According to this research the most important issues on how to manage the business risks of Finnish FDIs to St. Petersburg are: know the language, culture and the ways of action, if needed use the help of specialists, find loyal and reliable partners, have a good relationship with the authorities, take advantage of good image, adapt the products to Russian needs, and support the risk management with constant updating.

Key words	Business risks, risk management, foreign direct investment, Russia, St. Petersburg
Further information	